

Reagan Asks Israel for Cease-Fire, Withdrawal



Israeli soldiers sitting in a jeep guard Palestinians on a road in southern Lebanon.

Up to 50 Reportedly Killed In Attack on 2 British Ships

By R. W. Apple Jr.

New York Times Service

LONDON — As many as 50 soldiers and sailors may have been killed in enemy air attacks on British landing craft on Tuesday, unidentified military sources said Thursday night. They described the episode as Britain's most serious setback in the war in the Falkland Islands.

For the first time since hostilities began almost 10 weeks ago, the government refused to disclose casualty figures. Speaking in the House of Commons, John Nott, the defense secretary, asserted that details of British losses "could be of benefit to the enemy and put our own men at greater risk." His statement lent credence to the belief that the losses were the worst of the war.

At the North Atlantic Treaty Organization summit conference in Bonn, Prime Minister Margaret Thatcher spoke of "quite a considerable number of casualties."

Mr. Nott dismissed a suggestion from a member of the Labor opposition that the Falklands conflict was turning into "Britain's Vietnam," characterizing the war as "a series of major victories with some setbacks." He promised that British troops would "go forward with another victory very soon," a reference, presumably, to the long-anticipated attack on the Argentine position of about 7,000 bottled up in and near Stanley, the islands' main settlement.

Argentina Said to Get New Missiles, Planes

By Jackson Diehl
and Margot Hornblower

Washington Post Service

BUENOS AIRES — Argentina has bolstered its South Atlantic fighting force with new supplies of planes and missiles after a world-wide arms-gathering mission led by Latin American nations, Israel and Libya, according to Argentine officials and Western diplomatic sources here.

In the last several weeks, Argentina has received munitions and spare parts from Peru and Venezuela, and French-made Exocet anti-surface missiles, probably from Libya via Libya, these sources said.

Two Western diplomatic sources also said that Argentina had received 24 American-made A-4 Skyhawk fighter-bombers from Israel. Argentine sources, while not confirming this report, said that Argentina had received a small number of fresh planes, including two surveillance planes from Brazil.

Israeli Denial

Israeli officials have denied supplying Argentina with planes since Argentina invaded the Falkland Islands April 2. The sending of Skyhawks from Israel to Argentina would violate U.S. stipulations against transfer of arms sold abroad.

Argentina has sought to purchase arms from a wide variety of countries in an effort to replace the heavy losses of material it has suffered in more than six weeks of fighting with Britain in the South Atlantic. Argentine sources indicated, however, that the resupply effort has not been completely successful.

"We have been looking everywhere and we have been buying from anyone who will sell," an informed Argentine government official said in an interview. "But it has been very difficult, and we have not been able to get all we wanted."

According to two high military sources directly involved in the planning of operations, however, the junta made a firm decision as the conflict with Britain worsened in April not to accept military aid from the Soviet Union. Even as Gen. Galtieri and other officials

INSIDE

■ Republicans and conservative Democrats in the U.S. House, heading a telephoned appeal from President Reagan in West Germany, again joined forces to pass a budget for 1983 that cuts deeply into domestic spending. Page 2.

Effect on War Doubted

Diplomatic sources also said they doubted that the new supplies would affect the outcome of the Falklands fighting as well as those that had been shot down. But the figure, which the source said applied to high-performance planes of the air force, would represent losses far higher than Argentina had admitted and close to the approximately 40 top planes that Britain claimed to have downed Tuesday's air battles.

Despite the new weapons, the Argentine Air Force, which has carried the brunt of the fight until now, recently reported to the military command that its fighting capacity was down by nearly 30 percent, according to a high-ranking military official.

It was not clear if this percentage included planes that had suffered breakdowns or damage during the conflict as well as those that had been shot down. But the figure, which the source said applied to high-performance planes of the air force, would represent losses far higher than Argentina had admitted and close to the approximately 40 top planes that Britain claimed to have downed Tuesday's air battles.

In recent weeks, President Leopoldo Galtieri and other ranking military leaders have proclaimed their willingness to accept arms supplies from any country willing to supply them.

Soviet Aid Refused

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20 More Syrian Jets Reported Shot Down

From Agency Dispatches

JERUSALEM — Israel said its planes shot down 20 Syrian jets and two helicopters in dogfights over Lebanon Thursday, and an Israeli official said his nation would agree to a cease-fire if Syrian forces stopped attacking Israeli troops.

Yitzhak Modai, an Israeli Cabinet minister, said Israeli troops had achieved most of their military objectives against Palestinian guerrillas and would accept the cease-fire — reportedly demanded by President Reagan in a message to Prime Minister Menachem Begin — if the Syrians halted their attacks.

The Syrian radio claimed that Israeli jets strafed convoys of travelers at a checkpoint on Lebanon's northern border with Syria, killing 57 travelers and wounding 75. There was no immediate Israeli comment. If true, it would be the northernmost Israeli attack in the five-day invasion, which was launched Sunday with the stated goal of pushing Palestinian forces back from the Israeli border.

Israel said its jets shot down 20 more Syrian planes and two helicopters over Lebanon, bringing to 59 the number of Syrian aircraft reportedly shot down since the fighting began Sunday. Israel said 30 Syrian planes were downed Wednesday.

In leaflets dropped over the capital, Israel warned that its invasion forces were far superior in men and weapons and would take Beirut "no matter what the price." With its forces poised on the outskirts of the capital, Israel vowed "in a short time we will take over the city."

The warning that the Israelis had large numbers of infantry, naval and air forces "allocated for the city of Beirut" was directed to the commander of the Syrian brigade in Beirut — apparently to avoid war with Syria — but it contained no advice for the terrified civilian population.

An Israeli military officer said the possible cease-fire in Lebanon meant "we'll have to get it all over with today," referring to the army's mission of destroying Palestinian guerrilla headquarters training camps and supply centers.

Israeli Intentions

A senior Israeli official, who declined to be identified, said Israel has "no intention whatsoever of occupying anything in Beirut."

"We could have agreed to the cease-fire even now, but the Syrians are still endangering our ground forces and we have to defend them," he said.

But in order to complete their offensive against the Palestinians the Israeli troops must enter guerrilla-occupied West Beirut, and they threatened to do so in the leaflets dropped over the capital.

The command said the latest air battle over eastern Lebanon occurred during a clash between Israeli troops and Palestinian-Syrian forces. The Israeli planes were said to have intercepted the Syrian jets as they attacked Israeli positions.

But another Israeli official said the air battles resumed because the Syrians tried to move in replacement for 19 surface-to-air missiles batteries knocked out in raids Wednesday.

In the fifth day of Israel's air sea and land invasion, its armor reportedly was at Kahlde, two miles (3.6 kilometers) from the airport and only two miles from Palestine Liberation Organization headquarters in the capital.

Israel said it destroyed all Syrian surface-to-air missile batteries in eastern Lebanon and shot down 23 Syrian planes, increasing fears that the Lebanon invasion could lead to a fifth Middle East war.

Fight, Fight, Fight!

Communiqués from the PLO said several residential neighborhoods in southern Beirut were hammered by untargeted air assaults that hit bit areas around the airport and its highway. The PLO said its forces turned back repeated Israeli attempts to land troops at Beirut airport.

We shall fight from house to house, from room to room!" the official PLO radio declared.

The enemy is bombing our camps, our women, our children," screamed the newscaster of the Voice of Palestine radio. "But we shall fight, fight, fight!"

Col. Abu Zaffar, a senior Palestinian staff officer, was quoted by the PLO as saying the joint Palestinian and Lebanese forces were "outnumbered and outgunned" by the Israelis.

Lebanese officials have spoken of thousands of Lebanese and Palestinians killed and wounded in London, the PLO said more than 10,000 civilians had been killed or wounded in Lebanon during the hostilities.

A PLO statement issued in London quoted the Red Crescent, the Lebanese Red Cross organization, as saying most casualties were the result of "indiscriminate shelling and bombing of towns and villages."

Chancellor Helmut Schmidt of West Germany, the host of the summit meeting, felt that his political image would be bolstered by the NATO results and by the more moderate tone in U.S. policy, sides.

A specific concession to Mr. Schmidt was a NATO acknowledgment that West Germany should continue improving its relations with East Germany.

Israel Loses

Israel put its losses at 45 dead, six missing and 308 wounded in the first four days of fighting.

Meanwhile, Britain, Canada, France and the Netherlands urged their citizens to leave West Beirut where most Moslems live. Hundreds of local residents and foreign correspondents have begun moving to relatively tranquil Christian East Beirut.

Rainer Werner Fassbinder, the West German movie director, was found dead in Munich. Page 5.



President Reagan

Message No Ultimatum, Israeli Official Asserts

From Agency Dispatches

BONN — President Reagan sent Prime Minister Menachem Begin of Israel a "personally crafted... persuasive and friendly — but firm" letter demanding a cease-fire and Israeli troop withdrawal from Lebanon, White House officials said Thursday.

Besides appealing to Mr. Begin, Mr. Reagan urged all "interested" parties, including the Soviet leader, Leonid I. Brezhnev, to use their influence "to help bring the bloodshed to an end," officials said.

Secretary of State Alexander M. Haig Jr. confirmed that Mr. Reagan had received a letter from Mr. Brezhnev containing a "frank expression of concern about the widening action" as Israeli forces engaged Soviet-supported Syrian missile sites and aircraft in the war zone.

The deputy White House press secretary, Larry M. Speakes, accompanying the president, refused to reveal details of the message sent to Mr. Begin. But he described it as "consistent with our previous position," adding: "We want an Israeli withdrawal."

Israeli radio said Mr. Reagan's message urgently demanded an immediate cease-fire. But Yitzhak Modai, an Israeli Cabinet minister, denied the United States was pressuring Israel. "There is no ultimatum," he said.

The radio said the Reagan message had been delivered by U.S. Ambassador Samuel W. Lewis, who returned five hours later for Mr. Begin's response. The response was not immediately revealed.

To an unexpected development, Saudi Arabia's foreign minister, Prince Saad al-Faisal, flew to Bonn for hastily arranged talks with Mr. Reagan, Prime Minister Margaret Thatcher of Britain, and officials of France and West Germany at Thursday's one-day meeting of North Atlantic Treaty Organization countries.

After his meeting with Mr. Reagan, Prince Saad told reporters, "What we are expecting from the United States is a clear sign of its position as regards this unprovoked and premeditated aggression on the part of Israel."

The prince said he felt Mr. Reagan "shared the anxiety and the appreciation of the danger of the situation. We hope that this appreciation and anxiety will translate themselves into complete action by the United States to about a complete withdrawal."

Israelis Invite Haig

Mr. Haig said he was invited to fly to Jerusalem by the Israelis. "I thought about it," the secretary said. "I think I would say that the discussions we've had with the Israelis today have not evidenced sufficient flexibility to make a visit worthwhile at this time." Edwin Meese 3d, White House counselor, said "there is no reason and no point" for such a trip.

Mr. Meese described Mr. Reagan's message to Mr. Begin as "personally crafted by the president himself, because he knows how to get Mr. Begin's attention."

In Damascus, President Hafez al-Assad of Syria received an Iranian military delegation. Damascus radio said the delegation told Mr. Assad that Tehran had prepared units to help in the fight against Israel and had established a special budget for that purpose.

(Continued on Page 2, Col. 5)

Iraq Announces a Cease-Fire On Its Own in War With Iran

From Agency Dispatches

BEIRUT — Iraq announced Thursday what amounted to a unilateral cease-fire in its Gulf war with Iran but said later its armed forces had answered Iranian firing.

An Iraqi communiqué carried by the Iraqi News Agency said Iraqi military units did not fire or undertake any military operations Thursday. But the command said later that Iraqi troops were sheltered by Iranian artillery and were forced to respond to silence the guns.

The command said its decision not to shoot first was in accordance with the spirit of a statement by the ruling Revolutionary Command Council early Thursday, saying Iraq was ready for an immediate cease-fire in the 21-month-old war.

The statement, which followed intensive efforts by Baghdad to negotiate an end to the long and costly war, also said Iraq was prepared to withdraw all its forces from Iranian territory within two weeks.

Iraq, whose demands include reparations and punishment of the "aggressors," rejected the truce and withdrawal offer, saying that it came too late.

Linked to Lebanon

The Iranian press agency said that if Iraq had been sincere in seeking peace, it would have accepted Iranian demands before the Israeli invasion of Lebanon. The Baghdad statement, which linked the offer to the Israeli invasion, followed Iraqi military setbacks in

Kuwaitian province in recent months.

Iranian forces won back the port of Khorramshahr after driving the Iraqis from much of the territory they occupied at the start of the war.

Iraq said that if present demands failed, Iraq would accept the verdict of a special session of the Islamic Conference Organization to both sides in the Gulf war to direct their arms toward Israel.

The Revolutionary Command Council said one reason it was making the cease-fire offer was "its belief in the urgent necessity of directing all energies and efforts toward confronting the ferocious Zionist aggression against the Arab world, the Palestinian people and Lebanon."

Iraq is ready to put a quick end to all military action as soon as Iran agrees to a cease-fire," the Iraqi communiqué said. It said Iraq was prepared to observe a truce, withdraw from Iranian territory and accept arbitration to settle differences between the two countries.

The Iranian press agency replied: "If the Ba'athist-Zionist Iraqi rulers were seeking peace, they could have achieved it before the outbreak of the new war in southern Lebanon by giving a positive response to provisions set by Iraq."

The Iranian agency called the Israeli invasion of Lebanon "a vicious plot of the reactionaries in the region" to rescue President Saddam Hussein and his Ba'athist

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Pope to Find a New Argentine Church



The pope greeting the faithful during his general audience at the Vatican this week.

By Edward Schumacher

New York Times Service

BUENOS AIRES — When Pope John Paul II arrives here Friday, he will find a conservative and powerful Argentine Roman Catholic Church in the midst of change.

Once allied with the military government, the Argentine church in the last year has distanced itself from the regime and called for a return to democracy. Churchmen and officials expect the pope's visit to underline that independence and bolster a newly emerging vitality.

"They accused us of being complacent," Bishop Justo Oscar Laguna of Morón, a leading church activist, said in an interview. "But we have always stood behind the principles of democracy and we are getting stronger."

In Warsaw, Archbishop Józef Glemp, the Polish Roman Catholic primate, told 50,000 pilgrims Thursday that all Poland expected Pope John Paul II to visit the country Aug. 26, fueling speculation that the pontiff will visit his homeland this year despite martial law.

"Today, we feel the holy father's wish to come to his homeland in August is the wish of the entire population," Archbishop Glemp said, drawing applause from the pilgrims, marching through Warsaw on the feast of Corpus Christi.

[Archbishop Glemp's sermon came amid renewed talks between the church and the Communist authorities on an itinerary for a papal trip. Church leaders renewed their old invitation to the pope Tuesday.]

Falklands Seizure Backed

The Falkland Islands war with Britain, which is behind the pope's visit to Argentina, was made a pastoral visit to Britain last week — presents the church with a dilemma. While solidly behind Argentina's claim to the islands, the Argentine church has been involved in a dispute over the use of force to seize them.

The 80-member National Conference of Bishops, dominated by nationalist sentiments, said in a statement shortly after the islands were seized April 2, "The nation, guided by its authorities, has affirmed its rights."

In a letter three weeks ago to his fellow bishops, Bishop Jorge Novak, an outspoken liberal, criticized the stand of those church leaders who argued that while the seizure was forceful, it was not violent to British were killed.

"To my mind," Bishop Novak wrote, "this conditions the morality of the decision because of the very high evangelical, moral, cultural and economic costs — costs that may be irreparable."

The letter was not published — it would be seen as near heresy at a time when national unity over the Falklands has been publicly stressed — but the fact that it was sent at all and was backed by a small but active minority among the bishops reflects the growing boldness inside the church.

State Religion

Catholicism is the state religion of Argentina, written into the constitution, and in many ways the church reflects the country: It is a very formal, authoritarian institution, unlike the open, liberal churches in neighboring Chile and

Non-Catholic churchmen.

"Catholicism is part of the culture, rather than a vital spiritual presence or challenge," said Marshall T. Meyer, head of the Latin American Rabbinical Seminary.

Religion in the public schools has been taught off and on, depending on recurring anti-clerical cycles. The military, which introduced civic courses in the public schools three years ago that have a substantial measure of Catholicism, Jewish groups successfully had books they found to be anti-Semitic removed from the courses.

Another possibility, officials say, would be to create a buffer zone under the control of the Christian militia of Maj. Saad Haddad, who has been receiving Israeli weapons and holds a strip of territory just inside Lebanon's southern frontier. Prime Minister Menachem Begin in effect set the stage for such a zone Tuesday by turning over to Maj. Haddad the Beaufort Castle, a 12th-century

Crusader fortress captured from the PLO Monday.

Maj. Haddad's forces are too weak to extend control to the 25 miles (40 kilometers) north of the border that Israel wants to keep free of hostile artillery. Therefore, the Haddad solution would require either semi-independent Israeli military outposts, which officials here say the Begin government does not want, or a link-up between the



Leaflets dropped by Israeli jets showered down on Beirut Thursday. The leaflets said Israel intended to capture the city.

WORLD BRIEFS

France May Pay Most of U.K. Rebate

BRUSSELS — France would pay the largest share of Britain's \$850 million 1982 budget rebate from the European Economic Community under proposals of the European Commission to be put to foreign ministers, EEC sources said Thursday.

A commission spokesman announced that it had decided on the contributions of member states to the rebate at a meeting Wednesday, but he declined to give further details.

The rebate was agreed May 25 after months of argument among the 10 states over British demands for its budget contribution to be substantially reduced. The sources said the commission had decided on special budget payments to West Germany, Italy, Ireland and Greece to reduce their share of the British rebate. This left France as easily the largest contributor, they said. The precise shares of each member state were not, however, available.

Comecon States Differ on West Trade

BUDAPEST — The Communist trade group Comecon ended its annual conference on Thursday with calls for greater cooperation among member states, but with differences emerging over relations with the West.

Premier Gyorgy Lazar of Hungary declared the three-day meeting closed after delegates signed agreements on cooperation in microprocessor technology, industrial robots and computer components.

Premier Willi Stoph of East Germany assailed the West for imposing discriminatory measures, restrictions and boycotts on trade with Communist countries. He said that this would mean closer cooperation among Comecon's 10 member countries. Mr. Lazar spoke in favor of more cooperation to ward off the effects of world recession, but he also said that trade with the West had political benefits.

Romania Denies Seizing Dissident

PARIS — The Romanian Embassy said on Thursday that Romanian authorities were in no way implicated in the disappearance of exiled writer Virgil Tanase.

In the first official reaction to Mr. Tanase's disappearance on May 20, the embassy said that the accusations were part of a campaign against the Bucharest regime and a provocation seeking to hurt French-Romanian relations. Mr. Tanase, 37, has been living in Paris since 1977.

French investigators had said that they did not rule out the possibility that Mr. Tanase, author of virulent attacks on the Romanian regime, had been abducted by the Romanian secret police.

ETA Threatens to Continue Bombings

MADRID — Basque separatist guerrillas threatened on Thursday to continue bombings in northern Spain, concentrating on areas where some of the world soccer championships will begin next week.

A message given to the Basque newspaper Egia in San Sebastián said that the separatist organization ETA would again strike the banks.

The Bank of Santander has its home office in the northern city of Santander, and Vizcaya and Santander because they had not paid "revolutionary taxes."

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Reagan Aide Praises Kirkpatrick

WASHINGTON — Ambassador Jeane J. Kirkpatrick, the U.S. representative to the United Nations, is a "very valuable member" of the Reagan administration despite her public criticism of U.S. foreign policy, a top presidential aide said Thursday.

Edwin Meese 3d, the presidential counselor, said "I don't see any reason why" President Reagan should fire Mrs. Kirkpatrick, who has been the subject of controversy over a feud with Secretary of State Alexander Haig Jr. Mrs. Kirkpatrick is a very valuable member of this administration," Mr. Meese added on a television program from Bonn.

Mrs. Kirkpatrick told a luncheon audience in New York Monday that the United States had "behaved like a bunch of amateurs" at the United Nations and been "virtually powerless" there for more than a decade.

Habré Wants OAU Chad Force to Stay

NDJAMENA, Chad — The fighting is not over in Chad, and African peacekeeping forces still have a role to play in the war-torn country, the rebel leader Hissène Habré said Thursday, three days after his forces captured this capital city.

Mr. Habré, leader of the Armed Forces of the North, said there were still armed groups around and said he hoped the 3,800 peacekeeping troops from the Organization of African Unity would remain in the country for the time being.

"We think their presence is necessary and useful," he said. "We think their role here is not finished." The OAU force arrived in Chad in November when Libyan troops backing President Goukouni Oueddei pulled out. The mandate of the peacekeepers ends June 30.

Compiled From Agency Dispatches

Israel Likely to Seek Power Shift in Lebanon

By David K. Shipley

New York Times Service

TEL AVIV — Israel's policy-makers have not yet formulated their specific conditions for withdrawing the invasion force from Lebanon, but it appears likely that the demands will include some restructuring of the political and military alignments in that country.

At a minimum, Israeli officials say, they want some guarantee that once their troops leave, the Palestine Liberation Organization will not be able to move back within Israeli and rocket range of Israel's border settlements. This might mean the expansion of a United Nations peacekeeping force, or, preferably for Israel, a multinational force led by the United Nations.

Another possibility, officials say, would be to create a buffer zone under the control of the Christian Phalangists, who also have received Israeli weapons and military advice, in Lebanon's north.

Creating such a geographical link, however, would require cutting the main Syrian supply arteries between Damascus and Beirut, which would invite all-out Syrian intervention. But if it could be accomplished, it would have the advantage of strengthening the pro-Israeli Christians both militarily and politically.

Some Israeli policy-makers are hoping ultimately to weaken the political dynamics in Lebanon, weakening the Syrians and the various

Lebanese Moslem factions and boosting the Christians. This, in the Israeli view, would promote a more stable and friendly government in Beirut.

These considerations may even partly explain the timing of the invasion, for parliamentary elections are scheduled in Lebanon this summer. Israeli officials have been concerned that because of the extensive PLO and Syrian presence in the country, the outcome of the elections might be the installation of a radical regime.

Other officials are reluctant to step into the quagmire of Lebanese politics, preferring to restrict Israel to a military goal. The goal of destroying the PLO's military structure appears to have been accomplished speedily, and if that victory can be made to last, then the invasion will be seen as a resounding success.

Officials here regard a U.S.-led multinational force as a more effective possibility, but there is no indication that the United States would be willing to become involved in the morass of Lebanon.

The subject has not yet been broached officially to Philip C. Habib, who has been visiting Jerusalem and Damascus as President Reagan's special envoy.

or some other responsible factor on whom one can rely."

Mr. Bar-Lev held out little hope that the Israeli suppression of the PLO could last indefinitely. In 1970 and 1978, he recalled, Israeli ground troops went into Lebanon to clear out Palestinian guerrillas, then less heavily armed and less widely deployed than they are now.

Israel has never been satisfied with the United Nations peace-keeping force, which is stationed in a zone north of that controlled by Maj. Haddad. The force was deployed there after Israel's incursion in 1978, which followed a PLO terrorist attack. But Palestinian guerrillas have infiltrated the UN lines, sometimes even to the Israeli frontier.

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U.S. House Approves Republican Budget Plan

United Press International

WASHINGTON — House Republicans and conservative Democrats, heading an appeal by telephone from President Reagan in West Germany, joined forces Thursday to pass a budget for 1983 that cuts deeply into domestic spending.

Restoring the coalition that gave Mr. Reagan his victories in the Democratic-controlled House last year, Republicans and conservative Democrats voted 225-202 against a \$784-billion Democratic

budget and then passed a \$765-billion Republican alternative.

The authors of the successful plan said it would produce a \$59.2-billion deficit in 1983, but congressional budget experts placed the figure at \$110 billion.

It was the second attempt by the Republican and Democratic alternatives to similar to the previous partisan plans rejected by the House. The Democratic plan cut deeper into military spending and raised more taxes than the Republican version.

Stock prices rose in New York because of the progress in the budget debate. Page 7.

Call From Reagan

Earlier in the day, the House rejected a \$784-billion Democratic spending plan opposed by President Reagan. In the midst of his 10-day European trip, Mr. Reagan called the House Republican leader, Robert H. Michel of Illinois, and urged members to bury the Democratic budget plan and pass the Republican alternative.

"The president said he was in full support of our package and considered it vitally important that it be passed," Rep. Michel told reporters.

Republican leaders had warned

their colleagues that rejecting all budget plans could lead to economic chaos, choking off the economic recovery the administration forecast for the second half of this year.

The Republican and Democratic alternatives were similar to the previous partisan plans rejected by the House. The Democratic plan cut deeper into military spending and raised more taxes than the Republican version.

Big Deficits

According to the authors, the Republican plan contains a 1983 deficit of \$59.2 billion; the Democratic plan, \$107 billion. The Congressional Budget Office estimated the deficits at \$110 billion for the Republican plan and \$114 billion for the Democratic plan.

The \$784-billion budget

approved by the Senate has a \$116-billion deficit. It must be reconciled with the version passed by the House.

In an attempt to obtain the votes of conservative Democrats, Republican leaders rewrote their original plan to avoid reducing funds for Medicare, which they previously sought to cut by about \$2 billion, and to include money for extended unemployment benefits and other social programs.

Funds for Medicare

The Republican plan would cut about \$9 billion from Mr. Reagan's request for military spending in 1983 and raise about \$20 billion in new tax revenue, an amount small enough that it would not jeopardize the Reagan-supported tax cuts.

The Democratic plan sought to cut \$12 billion from Mr. Reagan's military request and raise \$31.7 billion in new tax revenue.

Democratic leaders rewrote their original plan to avoid reducing funds for Medicare, which they previously sought to cut by about \$2 billion, and to include money for extended unemployment benefits and other social programs.

The \$765-billion Republican plan was the last viable budget available to the Democratic-dominated House. Rejection of both alternatives would have led to a vote on Mr. Reagan's \$784-billion budget proposal and an almost-certain defeat because of its \$120-billion deficit.

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Japan Calls Its Buildup Of Weapons a Prelude To Global Arms Cuts

By Philip M. Boffey
New York Times Service

UNITED NATIONS, N.Y. — The Japanese government has said it is building up its military forces as a first step toward eventually reducing the level of armaments in the world.

The explanation of Japan's rising military budget was offered Wednesday by Taiso Watanabe, a spokesman for the Japanese Ministry of Foreign Affairs, at a news conference elaborating on a speech by Prime Minister Zenko Suzuki at the UN General Assembly's special session on disarmament.

In his speech, Mr. Suzuki said nations have been trapped in a vicious circle, seeking their security by building up their armaments, thus further intensifying mutual distrust. Because "international peace and security are maintained by the balance of power," he said, "we must start by leaving, even little by little, the balance of power as we move toward disarmament."

However, Mr. Watanabe acknowledged under questioning at the news conference that Japan is actually increasing its military budget to \$11.3 billion in the current fiscal year, a 4-percent increase in real terms from the previous year. He said the increase was needed in the short term to restore the balance of power and strengthen deterrence against war. Once a new balance is achieved, he said, the doyenne process outlined by Mr. Suzuki can begin. At the moment, he said, "the atmosphere is right" for arms reductions.

Mr. Watanabe denied suggestions that Japan was pressured into increasing its military spending by the Reagan administration. He said the Japanese had decided on their own to upgrade their military forces to protect their home territory and waters. He stressed that the buildup would not be "unilateral," that Japan "would never unilateral" and that Tokyo would continue its policy of generally restraining from exporting conventional arms.

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Voice of Conservative U.S. Prelate Broader Anti-Nuclear Spectrum

By William Robbins
New York Times Service

PHILADELPHIA — He seems to be broad support for the anti-nuclear movement: Cardinal John Krol, a prince of the Roman Catholic Church and associate of presidents, the archbishop of Philadelphia long regarded as a conservative and autocratic prelate.

Cardinal Krol, tall and erect with an athletic physique that belies his white hair and his 71 years, was an imposing presence this spring when he spoke at Philadelphia's "interfaith witness to stop the nuclear arms race." Addressing 15,000, he called on world governments to dismantle existing nuclear weapons.

Some leaders of the anti-nuclear movement here described the cardinal's role as evidence of a momentum that they hope will bring together conservatives and liberals, Roman Catholics, Protestants and Jews.

But to Cardinal Krol, sitting in a large but austere 12th-floor office with a broad view of central Philadelphia, it did not seem momentous.

Strange Alliance

Carefully, with many pauses, he enunciated his disarmament views. He finds himself involved in a movement that also engages such persons as Raymond G. Hruska, archbishop of Scranton, who has said he will withhold half his income tax as a protest against production of nuclear arms.

Cardinal Krol said his views were accurately reflected in his address at the rally, which contained the call for a guarded approach in



Cardinal John Krol

dealing with the Soviet Union:

"We advocate disarmament — unilateral, reciprocal or collective disarmament, proceeding at an equal pace, according to agreement and backed up by authentic and workable safeguards."

He said he deliberately has made no attempt to maintain relations with other advocates of disarmament, although he expressed pleasure with the variety of supporters. "I agree with some of them, and many of them I do not agree with," he said.

His own views, he said, have not changed since 1969, when he addressed the Veterans of Foreign Wars and urged support for disarmament. He cited testimony in favor of the second treaty on limiting strategic arms that he gave in his predecessor on the use of repressive agents.

The policy bars the paid use of agents for secret intelligence operations except in extraordinary circumstances such as "an emergency involving human lives or national interests."

The new document does not name the journalists used by the

agency or their employers. But it does describe their missions, as follows:

"Some, perhaps a plurality, were simply sources of foreign intelligence; others provided cover or served as a funding mechanism; some provided nonattributable material for use by the CIA, collaborated in or worked on CIA-produced materials or were used for the placement of CIA-prepared material in the foreign media; others assisted in non-media activities by spotting, assessing or recruiting potential sources or by handling other agents, and still others assisted by providing access to individuals of intelligence interest or by generating local support for U.S. policies and activities."

"The policy bars the paid use of agents for secret intelligence operations except in extraordinary circumstances such as an emergency involving human lives or national interests."

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West German soldiers held a banner declaring "NATO soldiers against nuclear missiles" at a rally against the U.S. arms program on Thursday in Bonn, where NATO leaders were meeting.

Large Bonn Rally Protests U.S. Arms Plans

(Continued from Page 1)

BONN — Thousands of young people, many wearing "Reagan go home" stickers, streamed into Bonn on Thursday to protest the U.S. arms program and plans to deploy new U.S. missiles in Europe.

Organizers of the rally, who had expected at most 150,000 people, said that the crowd clustered along the east bank of the Rhine River numbered 350,000.

Police declined to make an estimate, but agreed that the crowd far exceeded organizers' hopes.

Although the rally was generally peaceful, with people dancing and sunbathing, a 36-year-old man,

NATO Backs Reagan Arms Moves

(Continued from Page 1)

also praised the accompanying arms control proposal. Stressing European reliance on the United States, Mr. Mauroy was quoted as saying that the great majority of Europeans want to keep U.S. nuclear guarantees and U.S. troops in Europe.

The NATO summit meeting, welcoming Spain as the 16th alliance member, contrasted the Spanish choice in joining the Western alliance with the Warsaw Pact system of imposed membership.

While calling for "mutually advantageous cooperation," NATO leaders also formally agreed to restrict sensitive technology and to treat export credits prudently in dealing with the Soviet Union.

Similar undertakings were accepted by leading Western industrial nations at the Versailles economic summit meeting last week.

On arms control, NATO specifically endorsed recent U.S. proposals to the Soviet Union for verifiable weapons cuts: the "zero option" to eliminate all intermediate-range nuclear missiles; reductions in highly accurate land-based strategic missiles; and lower ceilings on ground forces in Europe. According to a U.S. official, this was gratifying support for the Reagan administration against critics who argued that the U.S. proposals were unrealistic or cynical maneuvers designed to create the illusion of U.S. interest in disarmament.

But officials said that the goal seemed more attainable now. The basic NATO thinking, several said, is that new U.S.-made weapons could disrupt Soviet second-echelon forces before they could reinforce an initial assault. Nonnuclear Cruise missiles and precision-guided, long-range artillery are examples of this new weaponry nearing the deployment stage. At the same time, European armies that have strong ready reserves because of their draft systems could be reorganized to encircle any Soviet units that manage to break through.

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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Reagan and Flower Power

Truly, as President Reagan said so well in the British Parliament Tuesday, Americans want only one kind of global conflict. A "crusade" for the open society, he called it, employing the only tolerable weapons: the powerful ideas and economies of democracy. His crusade would aim not to destroy other societies but to help them recognize the inhumanity and inefficiency of totalitarianism. What a tonic the president's faith and optimism could become for the pugnacity so often heard from his administration.

Democracy, he said, has proved itself "a not at all fragile flower," whereas "regimes planted by bayonets do not take root." Given a choice, people choose freedom.

Given even decades and military might, Soviet totalitarianism still cannot feed itself. Time works for freedom; the democracies can help it along. But because nuclear war is unthinkable, "we ask only for a process, a direction, a basic code of decency — not for instant transformation."

The president went on to propose more aid to democrats worldwide and American-Soviet television debates on current issues.

But these ideas do not begin to tap the logic of his thesis: that by their day-to-day conduct, the democracies can slowly, unaggressively influence politics elsewhere, notably in the Soviet Union.

To what end? Mr. Reagan would "foster the infrastructure of democracy — the system of a free press, unions, political parties, universities — which allow a people to choose their own way." His long-term hope is to leave "Marxism-Leninism on the ash heap of history." But characteristically, he failed to point the way from here to there or give

Moscow a plausible range of policy choices. Soviet society has always endured great hardship to resist and arm against danger. If it responds at all, it will not be to alien appeals for democratic capitalism. But it may well respond to practical, profitable invitations to moderate the nuclear arms race and Third World confrontations, to relax the grip on Eastern Europe and to reform failed Soviet institutions.

Yes, there is power in the democratic flower — and flour. Yet absent from the president's summons was any awareness that the most encouraging buds of Soviet-bloc ferment have appeared in periods of East-West thaw. And curiously missing from his plan was any formula for using Western economic strength to promote political accommodation. How laughable that just as he was celebrating Communist failures, bankrupt Poland was "threatening" a \$29-billion default unless Western banks lend it still more.

Poland's bankruptcy is, in fact, a unique chance to exchange new aid "only for a process, a direction, a basic code of decency." Mr. Reagan has the muscle to drive the West's frightened bankers from the table and to press the Soviet leaders to define an environment in which he would resume underwriting their system's development.

The president's confidence in competition is admirable, but when will the crusade take form? When will the West's subsidy of Soviet power be made the main issue of East-West diplomacy? When will Mr. Reagan write a superpower code of conduct that he could observe and reinforce with trade? Flower power can work, but where is his spade?

THE NEW YORK TIMES

Hunger Strike in Moscow

The great cruelties of contemporary international life, like the terror practiced by the Soviet Army against the people of Afghanistan and the assaults on the Lebanese population by its numerous tormentors, are scarcely overpublicized. Yet they often tend to crowd out consciousness of the small cruelties that are characteristic in so many corners of the world. The victims of these often turn to extreme methods of self-dramatization, despairing of reaching international opinion by any other means.

In Moscow, three Soviet citizens have been on a hunger strike for a month in order to bring foreign pressure to bear on the Soviet government to let them join their spouses abroad. They are Yuri Balovlenkov, whose

wife is an American nurse living in Baltimore; Josef Kibilitsky, whose wife is West German; and Tatjana Lozansky, whose husband, Edward, is a professor of physics at American University who emigrated from the Soviet Union in 1976.

By making the personal choices that led to their separation from their spouses, they knowingly took a great risk. But that is precisely the point: In no country worthy of being called civilized would these private choices have entailed that range of dangers.

Under the Helsinki Accords, which Moscow signed, exit visas should have been granted routinely. How can the Kremlin conceivably not let them go?

THE WASHINGTON POST

Send a Professional

In her outspoken way, Jeane Kirkpatrick has put it exactly right: Americans do behave like "a bunch of amateurs" at the United Nations, where she is chief U.S. delegate. And not just this last time, when Secretary Haig, to whom Lyndon Johnson made the job sound worth leaving the Supreme Court for, apparently out of pique, failed to inform Mrs. Kirkpatrick in time that she was supposed to abstain on a Falkland resolution.

It could be set to music and choreographed. "Did you really try to call, Mr. Haig?" asks a plaintive Mrs. Kirkpatrick, twirling a parasol. "Absolutely, Mrs. K." responds a dapper Mr. Haig, with a big wink. A chorus in striped pants then bursts into the refrain: "It's confusing, it's amusing, it's abusing, and there's a corps in be-tweezeen."

This isn't diplomacy, it's tomfoolery — or worse, for it is not unusual. Other UN delegates somehow manage to cast the votes they are supposed to. Why is it only the United States that is so prone to pratfalls?

The answer, which transcends the Haig-Kirkpatrick Follies, is that only America considers the UN job a political plum. Of 16 U.S. representatives to the UN, only one appointee was a Foreign Service officer: Charles Yost, who served under President Nixon. (Donald McHenry, by background a career diplomat, was a political appointee when he was named in 1979.)

In 1953, Dwight Eisenhower had the unhappy idea of awarding Cabinet rank to Henry Cabot Lodge; the custom has stuck.

THE NEW YORK TIMES

Other Editorial Opinion

The Fighting in Lebanon

The Israeli tank assaults, naval and air actions in Lebanon make their invasion harshly less than a war, yet the name of the operation, the Begin government says, is "Peace for Galilee." A Cabinet communiqué says that it aims at placing "all the civilian population of the Galilee beyond the range of terrorists" (i.e., PLO) fire from Lebanon, but without engaging the Syrian army, unless the Syrians attack first. It is, therefore, no over-the-border raid to disable PLO camps but appears to be a deep, full-scale, once-and-for-all push to get rid of the Yasser Arafat threat.

— From the San Francisco Chronicle

June 11: From Our Pages of 75 and 50 Years Ago

1907: French Wine Crisis

PARIS — The French government has tackled the burning question of the day, the crisis in the wine-growing districts in the south of France. The Cabinet brought in a bill for the suppression of fraud in the matter of wine. The terms of the measure are drastic enough, and if it is eventually approved and enforced the lot of the fabricator of artificial wine does not promise to be a happy one. It remains to be seen, however, whether the winegrowers of the south will be satisfied with the provisions of this bill. Some of the speeches of the deputies representing the region showed little enthusiasm for the measure. Only after the people of the south have had time to examine it will this point be settled.

1932: A Poisonous Toast

BISKRA — Alone in the Sahara, Lena Bernstein, record-making French airwoman, drained a poison-laden champagne toast to end her life. Miss Bernstein, who had come to Algeria in the hope of regaining the women's straight-line flight record which she had held until Amelia Earhart flew across the Atlantic, carried two bottles of champagne with her when she engaged a horse-drawn carriage to convey her to the racetrack near the city's outskirts. She dismissed the driver with a 20-franc tip, saying that she would walk back. Her act was ascribed to the seizure of her plane for alleged infraction of safety regulations, a climax to a series of misfortunes, including financial difficulties.

A Goal for West: Curb Inevitability of Conflicts

By Flora Lewis

BONN — Three full-scale wars are raging now: in the Falklands, Lebanon and Iran and Chad has just completed another phase in its generation-long civil war. None were caused by the United States or the Soviet Union, though both must be keenly interested in the outcomes.

That is the immediate background to the Atlantic alliance's summit meeting here. In addition, there are lots of other wars around the world, some half-forgotten. A partial list is a reminder of how much fighting is still going on, and how many places directly or indirectly involve the superpowers: Afghanistan, Cambodia, Eritrea, Ethiopia-Somalia, Guatemala, Namibia, along with Salvador.

The one continent with no current battlefield is Europe, at uneasy peace after provoking millenniums of wars, culminating in the two world wars. Pacifists have not done well in human history.

Yet war seems different, more frightening now, and there is a far broader sense of waste and absurdity. Atomic weapons make the big difference, but not the only one. The level of arms generally has reached a totally new scale of destructiveness, and it isn't only big powers that possess sophisticated types. Also, modern communications force awareness of what happens far away and therefore of potential danger nearer home.

Italy Faces Key Test in Wage Fight

By Enrico Jachia

ROME — President Reagan's visit to Italy has coincided with the taking of a new, defiant attitude by the Italian industrialists' association Confindustria in its relations with trade unions.

The new posture may be the beginning of a frontal clash between the employers and organized workers on one of the fundamental issues of our time: Will the open-market economy and free enterprise be replaced by a state-run economy and collectivism? The fact that the employers took a militant stand at the time of the president's visit to Europe may not be a causal coincidence.

Italian employers have unexpectedly served notice that they will terminate an agreement they signed in 1975 with the unions on the so-called *scala mobile*, a mechanism which every quarter automatically adjusts wages to inflation.

The mechanism is considered untouchable by the unions and is viewed as a perverted economic device by the employers, who claim that indiscriminate automatic increases in wages only produce more inflation.

Group's View

The industrial leaders argue that labor costs, augmenting at a rate higher than labor productivity, will push Italian producers out of the international market. This would, in turn, mean the end of free enterprise in Italy, with the public sector taking hold of the economy, they say. The industrialists' association vows to fight against that risk and against inflation and for real economic growth and more employment.

This posture recalls U.S. Treasury Secretary Donald T. Regan's renewed claim that free enterprise and an open-market philosophy are the essence of the American ideal. It also recalls President Reagan's reaffirmation at Versailles of the economic policy of his administration and on the need to hold down inflation.

The real fact is that the acceptability of the private sector and free-market economy is challenged in Italy by very powerful political forces. Among them are the Communists who, in turn, control the majority in the larger trade unions.

During the last two decades, free enterprise has been eroded both by the large increase of the public sector and by the expanded power of the unions. Jobs are sacred. The employers claim that if they cannot fire excess workers when production costs overrun profits, they will be run out of business and unemployment will be the final result anyway.

Rejected by Unions

That reasoning, however, is not accepted by the unions, which have declared war on the industrialists over the *scala mobile* and announced a wave of national strikes.

The action by the private industrial sector, which has been rather remissive after 1975, has astonished many political observers and shaken the government.

The employers' clash with the unions may, in the end, have a greater impact on Italian politics than the nuclear weapons question. No doubt a huge demonstration of the peace movements has taken place in Rome two days before Mr. Reagan's visit.

The Communist Party, however, which has the strongest say in this matter, does not seem yet willing to make a fundamental national issue out of the missile question.

Party leaders do not misjudge the magnitude of the challenge posed by the new attitude of the employers. They know that the peace marches serve to assert the party's image and may gain a number of votes among the youth. But they also know that the fight for the control of the economy is the decisive one. If they win, they would conquer the state.

International Herald Tribune

For a time after World War II, the superpowers seemed to have divided up the world and to have imposed a certain order, despite localized wars.

There was a belief that between them, Moscow and Washington could deliver a degree of control over events through, and even despite, their intense rivalry. That was essentially Henry Kissinger's thesis, underlying his restless search for adjustments.

Now, power has been dispersed. Only two countries have global reach, but not enough to tamp down regional explosions that threaten to draw them in. Even within the two alliances, growth of economic and social as well as military strength and political revival on the Western side, and of discontent, impatience with economic weakness and national frustration on the Eastern side, have modified if not fragmented superpower predominance.

President Reagan's first trip to Europe, after 17 months in office, focuses on symbols of Western Europe's own long history of power struggles.

The splendor of Versailles, the solidity of Windsor Castle and the solemnity of Westminster, a Rome of imperial ruins and volatile modern politics, even the leafy

beauty of the Rhineland and the sinister wall in Berlin — the very absence of pomp in a Germany that rode national ambition to disaster — reflect the pursuit of might.

The West, at least, has sought to surround these national reflexes in recognition that no one country can assure its own safety and prosperity.

President Reagan has been right to stress peace, disarmament and democracy in his European speeches, addressing the fears of the people and their yearning now to emphasize the other aspect of their monumental symbolism. That is the creativity, the skill and the glory of building and nurturing civilization.

But the fine words at the Versailles summit meeting barely veiled a stubborn insistence on conflicting views of how to deal with present crises. The result was depressing, because instead of showing renewed will to accommodate higher common interests, it showed willingness to budge only far enough to admit their failure to agree.

As one of France's most prominent industrialists put it, the two key issues of East-West trade and cooperation for monetary stability were settled by the *Coop* system, named for the Frenchman

who devised a well-known technique for convincing oneself that wishing will make it so. That meeting finished with Europeans and Americans determined to go on as before, at a time when slight of hand only serves to weaken Western cohesion.

What is gained by fooling each other and ourselves, in a world that craves for clarity and practicality?

NATO isn't likely to produce any more effective momentum. It was good for the president to extol the values of freedom in his speech in London, for the West should have confidence in its resilience. But to urge another crusade, another offensive, struck a wrong tone.

The need now isn't to stir more hostility, to weigh more heavily on a mercurial world. It is to seek ways to limit and reduce what remains the inevitability of conflicts, and to avert violent upheavals even in the foe's camp.

The West needs a greater sense that the rewards of partnership can only be reached through real and not just verbal mutual accommodation. And Europe needs a greater sense that the United States is seeking mutual rewards of peace from the Russians, isolating inopportune regional wars, and not just appeasement at home so as to wield more crushing power elsewhere.

The New York Times

On the Need for Changing the Guard in U.S.

By James Reston

WASHINGTON — Around the halfway mark in most four-year presidential terms, there is a natural tendency to make changes in the Cabinet and the White House staff. Ronald Reagan is now reaching this point, a little earlier than usual.

He has already replaced Richard Allen, his national security adviser, Lyn Nofziger, his political adviser, and Max L. Friedson, his legislative side. He has also lost

White House advisers, are thinking about other green-back pastures. Now comes Jeane Kirkpatrick, Reagan's delegate to the United Nations, with her own public condemnation of what she regards as the administration's misconduct of foreign relations.

"I believe very reluctantly," she told the Heritage Foundation in what can only be interpreted as a

farewell address, "that the decline of the United States' influence in the United Nations is part of the U.S. decline in the world, and it is a direct reflection of a persistent ineptitude in international relations, an ineptitude that has persisted through several decades, several administrations."

"We have not been good at the politics of the United Nations," Mrs. Kirkpatrick added. "... we simply have behaved like a bunch of amateurs, in my opinion."

It would be a mistake to generalize about the reasons for the shake-up in the Reagan team. Some have left because they were not fit for their jobs; others because they were bored or broke. And one or two, like Secretary of Labor Donovan, probably should resign because they are simply an embarrassment to the president.

Mrs. Kirkpatrick is a different and more significant case. She simply does not agree with many aspects of the president's foreign policy, particularly as it applies to Latin America in general and Argentina in particular.

It is not mainly that she doesn't get along personally with Secretary of State Haig, though he is not her buddy, but that she thinks Mr. Haig and his two principal foreign policy aides, Wally Stoeckel and Larry Eagleburger, have persuaded the president to go along with the European allies on nuclear arms control and foreign policy in general at the expense of Israel, Argentina and the future U.S. relations in the Western Hemisphere.

She may be right in her analysis of what is best in the long-term interests of the United States, and since she is not only the president's chief delegate to the United Nations but also a member of his Cabinet, she is entitled to argue for her point of view within the privacy of the White House, no matter how Haig resents it.

Nevertheless, what she is not entitled to do, having been invited to state her case to the secretary of state and having done so, is to carry her fight on television to the public and proclaim the "ineptitude" of her country's "bunch of amateurs," precisely when the president is in Europe trying to demonstrate that he is a masterful leader, a "man of peace," presiding over a united government.

Also, it is not quite fair, though it is true, for Mrs. Kirkpatrick to blame the United States for losing influence at the United Nations. The United States has lost influence there not because the United States has changed, but because the world and the United Nations have changed.

Mrs. Kirkpatrick forgets it was the United States that introduced bloc voting into the early years of the United Nations, when it had only about 50 members. In those days, Nelson Rockefeller and Adlai Stevenson — no less — were the political whips who rounded up the Latin American and European votes to assure a majority for Washington's policies.

Since then, the United Nations has grown to over 150 members, and the Third World and Communist countries are now copying the same Rockefeller-Stevenson whip tactic to oppose many U.S. proposals. The United States has the majority in the 1940s and '50s; the Communists are now purely for mathematical reasons, and not because the United States has "declined."

So Mrs. Kirkpatrick will probably have to go, which is too bad in a way, for she is one of the most intelligent and courageous members of the Reagan administration, and the president will have to change his lineup for the last half of his administration.

Maybe that is not a bad idea, considering the truth of Mrs. Kirkpatrick's reckless candor that the Reagan administration's foreign policy is a disappointment and needs some changes.

The New York Times

Verdict Leaves Spain Uneasy

By Victor de la Serna

MADRID — The cartoonists had a field day last drawing the two chairs. On one side, the small, uncomfortable folding chair on which an embarrassed Premier Leopoldo Calvo Sotelo — and his Cabinet ministers — had to sit to watch the Armed Forces Day parade as Saragossa. On the other side the magnificent, high-backed chair upholstered in red velvet, installed for Lt. Col. Antonio Tejero Molina and the other defendants in the

Poles Are Lazy, Aggressive' — Familiar Old Stereotypes Persist in Russia

By John Danzon

New York Times Service
Known techniques
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United States of fomenting subversion in Poland.

The Polish issue also figured in recent talks between Leopold I. Brezhnev, the Soviet leader, and Gustav Husak, the Czechoslovak leader, who was a fervent advocate of action to crush the Solidarity union and Polish liberalization.

The visitor is also struck by the persistence of anti-Polish attitudes among ordinary Russians, sometimes shaded by stereotypes that no longer apply.

According to Western diplomats, Soviet concern about the situation was signaled last month after Polish demonstrations and by a Soviet press campaign accusing the

Poles have reported a divergence of views between Warsaw and Moscow, suggesting that the Russians would like to see even more forceful measures in dealing with the Polish regime's opponents and a quicker return to the orthodox Leninist mold of civilian rule through the party apparatus.

A Polish source quoted Mikhail A. Suslov, the late Soviet ideologist, as having told Józef Czyrek, the Polish foreign minister, earlier this year that it was not viable for "the baton to be leading the country out of its crisis." Some Western diplomats saw more criticism than congratulations in this since the Polish party has been almost totally eclipsed by the military and shows no sign of revitalizing itself.

The Polish sources are likely to emphasize differences with the Soviet Union in speaking with West-

ern reporters since this gives room to the argument that sanctions imposed by the United States could have the deleterious effect of pushing the Polish authorities to adopt the sterner measures being urged upon them by the Soviet Union.

National Character

The attitudes of everyday Soviet citizens toward Poles, a blend of suspicion and resentment, appear to have hardened through the two-year-old Polish crisis. Soviet newspapers, evidently aware that most Russians believe the Poles are lazy and they are aggressive small businessmen. They are always out there smuggling things, buying gold, trading goods. They are always coming into other countries

we hear that we are exporting it to Poland," said a Russian journalist. "How do you think that makes people feel? No, we don't have much sympathy for the Poles. They already have so much and we have so little, and now they want us to pay for them, to subsidize them.

"Every nation has a national character and sometimes it is stereotyped. The Germans are efficient, the Hungarians are clever. As far as we are concerned, the Poles have two traits — they are lazy and they are aggressive small businesspeople. They are always out there smuggling things, buying gold, trading goods. They are always coming into other countries

"Understand," said another Russian, "for a Russian to go to Poland is to cross the border to the West. Their world is so different. The Poles want to buy their

cosmetics in Paris — for us it is a big thing to buy them in Warsaw. Polish cosmetics are very prestigious here."

"Poles are cosmopolitan. They look different. They are even ashamed to be Slavs. They have eyes only for the West. O.K., so they don't like the system. A lot of ethnic groups in Soviet Union don't like it either. But they work."

Mixed with the resentment of the Soviet and for the Polish cosplayer is the perception that Poles regard Russians as Asians and culturally inferior.

"I was in Poland a dozen times and I was continually struck by the Poles' lack of knowledge about the Soviet Union," said a young Rus-

sian writer. "One night I went to an evening of Soviet poetry in Warsaw. The Poles dressed up like Russians, as if it were some exotic thing out of Africa. You could almost hear the drums beating."

One problem with the reflex response of Russians — that the Poles are better off — is that to some extent it is outdated. A visitor to both capitals would be hard put these days to say in which of them life is harder. For the first time, there are now goods in Moscow's shops that are hard to come by in Warsaw, and Poles have to undergo hardships of rationing which do not hold for Moscow, which is admittedly a showplace of the Soviet Union.

Rainer Fassbinder, 36, Dies; German Director

From Agency Dispatches

MUNICH — Rainer Werner Fassbinder, 36, a West German director whose films included "Lili Marleen," "The Marriage of Maria Braun" and "The Desire of Veronika Voss," was found dead early Thursday.

His body was found by Julianne Lorenz, 26, his film cutter and companion, at her home. Wolf Greiner, a director who also spent the night in Miss Lorenz's home, said he thought suicide was out of the question. But he said that Mr. Fassbinder had insomnia and perhaps took a few pills too many.

Empty whisky and pill bottles were found in the apartment in the Bohemian quarter of the city, a spokesman said. There was no suspicion of foul play, but an autopsy is scheduled for Friday.

Mr. Fassbinder was one of West Germany's most talented and prolific directors, making more than 40 films in a career spanning 14 years.

Widely Acclaimed

His latest film to be released, "The Desire of Veronika Voss," the life of a former Nazi film starlet who becomes addicted to morphia, won the Golden Bear at the Berlin Film Festival in March.

Like many other Fassbinder films, it was widely acclaimed for the technical perfection of its direction and photography.

Other recent films include "Lili Marleen," a fictionalized account of wartime singer Lale Andersen; the critically acclaimed "Marriage of Maria Braun," and a television serial entitled "Berlin Alexanderplatz." Still to be released is "Querelle," adapted from the work of Jean Genet and starring Jeanne Moreau.

Mr. Fassbinder shocked the West German public by openly acknowledging his homosexual relationships. Gruff in manner, he frequently frequents the late-night bars of Mu-

nich's Schwabing district, where he lived.

Although his public appearances often suggested a crude nature, Mr. Fassbinder's films were filled with sentiment somehow crushed by the weight of circumstance.

Mr. Fassbinder was born in Bavaria in 1946, the son of a physician and an interpreter who were divorced during his infancy. He claimed to have grown up without education and in a totally "unbourgeois" environment.

First Film at 22

He began his professional career as an acting student and director in small Munich theaters and made his first full-length feature film at the age of 22. After his initial film, he turned out one low-budget picture after another until he became an international success.

His second full-length film, "Der Kätzelmacher," in 1969, took as its theme the plight of foreign workers in West Germany. It won a television award and the West German film prize for writing, direction and production.

Mr. Fassbinder's fame began spreading beyond Germany in the early 1970s. His film "Fear Eat the Soul," the tale of a German woman who falls in love with a foreign worker despised by her bourgeois friends and neighbors, won the international critics' prize of the Film Writers' Association at the 1974 Cannes Film Festival.

His high rate of film production did not prevent Mr. Fassbinder from continuing to work in the theater. He produced Ibsen's "Hedda Gabler" in Berlin and was director of Frankfurt's Theater Am Turm in 1974-1975.

Gala Dali

PORT LLIGAT, Spain (UPI) — Elena Diakanof, 39, better known as Gala Dali, died Tuesday of pneumonia. Mrs. Diakanof, 39, better known as

Associated Press
Gala Dali with her husband, the painter Salvador Dali.

as Gala, the wife and inspiration of surrealist painter Salvador Dalí, died at home here Thursday after a long illness. She was married to the French surrealist poet Paul Eluard when she first met the painter in 1923.

Wallace Neff

PASADENA, Calif. (AP) — Wallace Neff, 87, an architect who helped develop southern California's early architectural style with such buildings as Pickfair, the Mary Pickford and Douglas Fairbanks Sr. mansion in Beverly Hills, died Tuesday of pneumonia. Mr. Neff also pioneered mass-produced "bubble" houses using inflated balloons sprayed with concrete.

John B. Hartnett

NEW YORK (NYT) — John B. Hartnett, 79, retired chairman of the Xerox Corp. and a principal force behind the mass marketing of Xerox copiers, died of a heart attack last Thursday.

banks Sr. mansion in Beverly Hills, died Tuesday of pneumonia. Mr. Neff also pioneered mass-produced "bubble" houses using inflated balloons sprayed with concrete.

The requirement for a three-fifths majority vote in both the state House and Senate has been a major stumbling block in the long struggle for the ERA. Illinois — the only Northern industrial state not to ratify it — is one of a handful of states that require more than a simple majority for ratification of a constitutional amendment.

Proponents of the ERA believe

they can muster 89 votes in the Illinois House for ratification, but they have always been two or more votes shy of the 107 needed under the three-fifths rule.

ERA backers tried to tack a proposal to lower the ratification vote requirement onto another House measure dealing with rules, but that amendment was declared out of order by the speaker of the House, George Ryan, a Republican who opposes the ERA. His ruling left proponents in the Illinois House from 107, three-fifths of the chamber, to 89, a simple majority.

The pro

ponents said they will continue the fight in Springfield, the state capital, for the rest of the month, although their chances for success appear dim.

So far, 35 states have ratified the ERA, which would amend the U.S. Constitution to forbid discrimination on the basis of sex. Three more states must ratify the ERA before it can become the 27th amendment to the Constitution. Indiana was the last state to ratify it, in 1977. Five states that had approved it have since rescinded their votes, although the legality of the actions is being challenged before the Supreme Court.

Final Push

WASHINGTON — Unicef has criticized Nestlé officials over the "possibly harmful" way the company has chosen to interpret World Health Organization guidelines on the marketing of infant formula.

Largest Producer

Nestlé is the world's largest manufacturer of infant formula and the only one that has said it will try to comply with the voluntary rules for marketing infant formula. But the company has done so by issuing its own interpretation of the code, which critics have attacked.

Last month, James Grant, executive director of Unicef, the United Nations Children's Fund, wrote to Nestlé: "It is with regret that I now inform you that my staff have

conveyed to me their serious mis-

people of Illinois want, which is to defeat the ERA," she said.

Watching the vote were six of seven women in the 23rd day of a fast for the ERA. Another hunger striker, Shirley Wallace, did not travel to the Capitol, saying she feared her fainting spells would make her look like "a fool."

Ms. Wallace and Sonja Johnson, 46, a Mormon excommunicated for her support of ERA, were treated at a hospital earlier this week for low blood pressure after they collapsed.

"I never saw such a bunch of little children in all the days of my life," Ms. Johnson said of some of the legislators after the vote. "It was appalling. They attacked people personally and called them names. I haven't seen anything like this since I was in seventh grade."

Marketing of Formula for Infants Leads to New Criticism of Nestlé

By Philip J. Hilts

Washington Post Service

WASHINGTON — Unicef has

criticized Nestlé officials over the "possibly harmful" way the company has chosen to interpret World Health Organization guidelines on the marketing of infant formula.

The letter continued: "I must ask you and your colleagues in Nestlé not to use the name of Unicef nor mine in any way which suggests our endorsement of Nestlé's instructions."

According to a Unicef official, one of the Nestlé interpretations allowed the company to continue giving free samples of infant formula to "health workers" who, critics say, would simply pass them on to mothers. The code itself states that no samples should be given "directly or indirectly" to pregnant women, mothers or members of their families.

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SCIENCE / EDUCATION

Fossils Mark the Lines Of Shifting Continents

By Walter Sullivan

New York Times Service

NEW YORK — In 1910, Alfred Wegener, a German meteorologist and explorer, began a long quest for evidence supporting the seemingly preposterous notion that the continents drift hither and yon. He eventually found it in a strange guise — the global distribution of marsupials, animals such as kangaroos and opossums that carry their young in a pouch.

Marsupials, Wegener pointed out, are largely confined to Australia and South America, which are separated by thousands of miles of ocean. Yet, "even the parasites of the Australian and South American marsupials are the same," he wrote. The phenomenon, he concluded, "dates back to the time when Australia was still joined to South America via Antarctica."

That Antarctica provided the link between the Americas and Australia 65 million years ago, long after the great southern continent of that era, Gondwanaland, began breaking up to form Africa, South America, India, Australia and Antarctica, has now been dramatically confirmed by the discovery of fossil marsupial bones in the oceanic land bridge.

The timetable of continental collisions and separations is beginning to solve a number of mysteries concerning animal migration and evolution. Dr. Joel Cracraft of the University of Illinois, for example, believes that it is a key to the evolution of birds. He has suggested that widely dispersed flightless birds, such as the African ostrich, Australian cassowary, South American rheas and the kiwi of New Zealand, had a common, flightless ancestor, and that they walked to their present habitats when the pieces of the continental jigsaw puzzle were joined.

Recent Discoveries

One of the most recent, and striking, discoveries best explained by a changing geography are the fossils of animals that inhabited Ellesmere Island, the northernmost land of North America, 50 million years ago. The fossils, which include "flying" lemurs, reptiles resembling alligators, mammals akin to the rhinoceros and other warm-climate species, resemble those of animals living in Western Europe during the same period. According to Dr. Malcolm C. McKenna of the American Museum of Natural History in New York, of the 60 genera of mammals that were there, 34 were also living in North America; only two were in Asia.

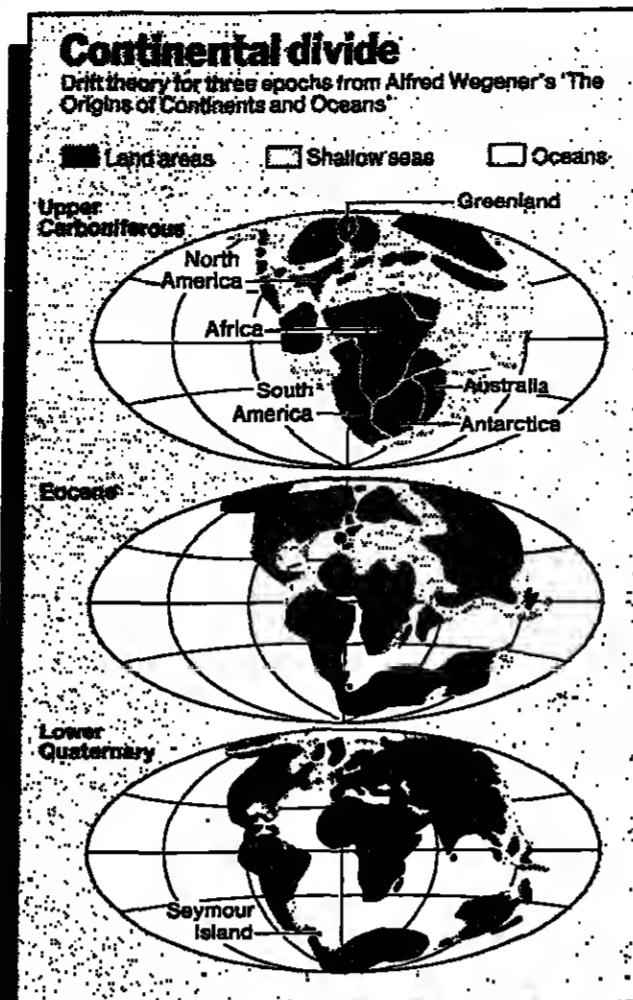
Although Europe and North America were pulling apart to form the North Atlantic, McKenna believes that the survival of two land bridges, permitting animals to move back and forth, explains the phenomenon. He and other scientists theorize that one bridge reached from the Canadian Arctic to southern Greenland, Iceland, the Faroe Islands and Scotland. The other linked northern Greenland and northern Norway via the Spitsbergen archipelago. Ellesmere Island was almost as close to the North Pole 50 million years ago as it is today. The presence of warm-climate creatures on the island thus suggests that prehistoric world was warmer.

Unlike Ellesmere, when Antarctica linked Australia and South America 80 million years ago, it lay in a more hospitable latitude than now, facilitating passage of temperate zone animals. This year's search for fossil evidence of the link, financed by the National Science Foundation, focused on Seymour Island off the Antarctic peninsula, famous for the fossils of giant penguins.

In February, a party led by Dr. William J. Zinsmeister of the Institute of Polar Studies at Ohio State University spent four weeks combing the area. They found nothing until the end of their stay, when they returned to a site rich in penguin remains. Michael O. Woodburne of the University of California at Riverside spotted a marsupial jaw bone. The scientists soon found four fragments from two animals, which resembled a species living during the same era — 40 million years ago — at the southern end of South America. The teeth characterize berry-eating marsupials, says Zinsmeister. He believes the animals, about seven inches long, lived in vegetation near what was the shoreline.

One mystery is why marsupials, but not placental animals, got through from South America to Australia. Female placental animals develop a vascular organ in the uterus, the placenta, that can nourish the fetus to an advanced stage of development in the womb. The marsupial young are born far earlier and complete their development in the mother's pouch. Were the marsupials better adapted to the climate and vegetation of Antarctica? Or, if the remaining link to South America was a chain of volcanic islands, were they better island hoppers? At that time the region of Antarctica nearest South America was free of ice and was itself probably an archipelago.

Because the oldest known marsupial fossil is of a North American animal much like the opossum, scientists have assumed that those mammals



imals originated on the North American continent some 70 million years ago. Zinsmeister notes, however, that four families of marsupials appeared in South America not long thereafter, suggesting that they had been evolving on the southern continent long before their northern cousins. It is conceivable, then, that marsupials originated in South America, Antarctica or Australia. Then, while the two Americas were separated by water, South America evolved a bestiary of marsupials to fill its many ecological niches.

Suicide and the Brain's Chemistry

By Victor Cohn

Washington Post Service

WASHINGTON — A serious chemical defect in the brain may result in suicidal tendencies, according to independent studies at three research centers.

The discovery bolsters a growing body of evidence that much aberrant behavior and mental illness is, at least, in part, a result of biochemical problems. The new studies could lead to a screening test to detect potential suicide victims and to a chemical treatment to correct the defect.

Scientists at the National Institute of Mental Health in Bethesda, Md., the Karolinska Institute in Stockholm and Wayne State University in Detroit have found deficiencies in the way the brain uses serotonin — a chemical carrier of

nerve impulses between brain cells — in people who have committed suicide or showed suicidal tendencies.

Serotonin is one of a small group of neurotransmitters, substances that maintain chemical conduction between brain and nerve cells. Studies in recent years have strongly suggested that abnormal neurotransmitter activity plays a role in serious, pathological depression. The latest studies support that finding, although scientists caution that the theory will require further confirmation. However, the National Institute of Mental Health is already trying a new drug treatment to correct the serotonin defect.

The new studies also found similar abnormalities and suicidal tendencies among victims of mental disorders and abnormal behaviors other than depression. Low serotonin activity, the research suggests, seems as common in highly aggressive and impulsive persons as in the pathologically depressed.

Thyroid Gland — The Body's Thermostat

By Jane E. Brody

New York Times Service

NEW YORK — Though the thyroid is a tiny gland that weighs less than an ounce and produces less than one one-hundred-thousandth of an ounce of hormone each day, the size of the gland belies its influence. No organ in the body escapes the effects of a thyroid excess or deficiency. The heart, nervous system, sweat glands, reproductive system, muscles, personality, appetite, skin — all may be affected.

The thyroid, or at least the hormone it produces, have also been subject to widespread abuse. Perhaps because the symptoms of thyroid deficiency mimic a host of hormonally unrelated problems, all too often thyroid hormone has been prescribed inappropriately for such problems as poor appetite, being overweight, infertility, fatigue, excessive sleepiness and depression. When thyroid hormone is taken unnecessarily, it may seriously stress the heart, liver, lungs and kidneys.

Even when appropriately prescribed, thyroid hormone can cause problems if the patient's status is not checked frequently. Bob, for example, was diagnosed 15 years ago as suffering from an underactive thyroid. A hormone supplement was prescribed, which Bob took dutifully. Then one day he was panting much harder than usual. A medical checkup revealed heart palpitations, muscular weakness, bulging eyes and a tendency toward profuse sweating, all the result of an excess of thyroid hormone. Now Bob has to take a drug to quiet his overactive thyroid.

The thyroid is like the thermostat of the body. It regulates metabo-

bolic rate, the speed with which cells throughout the body use calories. If too much thyroid hormone is produced, the body's idling speed is raised; appetite increases while weight may be lost; when the body fails to keep up with its racing engine. Too little hormone slows the metabolic rate and may result in weight gain.

Metabolic Rate

For years a determination of the basal metabolic rate was used as a measure, albeit crude, of thyroid activity. Now it is possible to measure directly the amount of thyroid hormone in the blood and obtain a much more accurate assessment of the gland's functioning.

The thyroid is a butterfly-shaped gland that straddles the windpipe. When, during a medical checkup, the doctor feels your neck around the Adam's apple, he or she is checking for thyroid enlargement. Abnormal growth of the thyroid is fairly common, though cancers are relatively rare and usually curable. In recent years, many cases of thyroid cancer have occurred among people who underwent radiation therapy of the head or neck decades earlier for such conditions as enlarged tonsils or thymus gland or acne (such therapy has long since been abandoned). Thyroid disease occurs four to five times more often in women than in men.

Thyroid hormone is produced and released in response to a signal from the pituitary gland, which in turn is triggered by the hypothalamus, the tiny mastermind at the base of the brain. Two thyroid hormones, thyroxine (T4) and triiodothyronine (T3), are produced by extracting iodide from the blood, converting it to iodine and attaching it to amino acids. According to Dr. Sidney H. Ingbar, an endocrinologist at Harvard Medical School and Beth Israel Hospital in Boston, T3 is the far more active hormone, and recent evidence indicates that most of the T3 produced in the body is made, not in the thyroid, but in the outlying tissues from T4.

A finely tuned feedback mechanism regulates the amount of thyroid hormone in the blood. When the level drops, thyroid-stimulating hormone is released from the pituitary, prompting the thyroid to grow and produce more of its own hormone.

Perhaps the best-known thyroid disorder results from the workings of this feedback mechanism: endemic goiter, an overgrowth of the thyroid that occurs in regions where there is insufficient iodine in the soil and water. Since the iodine-deficient thyroid produces inadequate amounts of hormone, the pituitary continually prompts it to enlarge in an effort to trap more iodide and produce more hormone. Most people with goiter are able to produce normal amounts of thyroid hormone, though women who are severely iodine-deficient during pregnancy may give birth to babies whose mental and physical development is compromised by an underactive thyroid.

In the United States, the use of

iodized salt, exposure to other sources of iodine and the national distribution of foods from iodine-rich areas has eliminated endemic goiter. There is now some concern about Americans getting too much iodine, and those who stop using iodized salt are not considered at risk of iodine toxicity. However, certain drugs, known as goitrogenic (for example, lithium, phenylbutazone and resorcinol), may block the synthesis of thyroid hormone and result in goiter.

In

children, thyroid deficiency is a devastating disease. About one in 4,000 babies is born with a thyroid deficiency that, if not detected and treated very soon after birth, will lead to mental retardation and stunted growth. Many states require screening of all newborns for thyroid hormone; unfortunately, however, proper treatment does not always follow detection.

In adults, thyroid deficiency may produce such symptoms as thickened skin, puffiness of the hands and face, loss of hair from the scalp and eyebrows, drowsiness, weight gain, sensitivity to cold, slowed reflexes, mental stupor, constipation, dry skin, stiff aching muscles, hoarse voice, menstrual disturbances, repeated miscarriages, depression and, in severe cases, psychosis or dementia. Some specialists recommend screening psychiatric patients for thyroid function before assuming that the symptoms represent a psychiatric illness.

Treatment of an underactive thyroid usually requires administration of a thyroid hormone supplement. Treatment is aimed at suppressing the excess hormone production by using antithyroid drugs (commonly propylthiouracil or methimazole), radioactive iodine (which destroys thyroid tissue), or surgery to remove part of the thyroid. Sometimes the treatment results in too little thyroid activity, so all patients should be examined periodically following treatment for an overactive thyroid.

Computer Technology Challenges Calculus

By Lee Dembart

Los Angeles Times Service

LOS ANGELES — Calculus, called one of the greatest achievements of the human mind, may be going the way of Latin — more honored than taught.

Although it has been a key part of the mathematics curriculum for most college campuses for generations, calculus is now being challenged by the computer. There are signs that it is losing.

A growing number of mathematicians and computer scientists are trying schools to teach what is called discrete mathematics, which includes logic and probability and which studies how things combine and are counted — topics that play a large role in problem-solving by computer.

The pending eclipse of calculus, which has been the handmaiden of science and technology practically since the Renaissance, is one more example of the pervasive influence of computers on the way society works and on the ways in which we interpret reality.

"The rise of computers is changing the face of the world not just in obvious ways, but in some very significant intellectual ways," said Anthony Ralston, a mathematician who is professor of computer

science at the State University of New York at Buffalo.

"The overwhelming number of new problems which will come to mathematicians to be solved come from areas which are related to computers and computer science," said Ralston, a leading proponent of giving discrete mathematics at least as much attention as calculus gets in the first year or two of college.

Tension between discrete mathematics and calculus reflects two opposing tendencies that have been felt in mathematics since its earliest days.

The discrete approach seeks to define nature in terms of individual elements, such as the grains of sand on a beach or the numbers 1, 2, 3 and so on. Computers are discrete machines. They deal with individual, countable things such as, for example, finding certain paths through complicated tree diagrams.

By contrast, continuous mathematics, which has had the upper hand since calculus was invented in the 17th century, holds that nature can be understood as a smooth, unbroken flow, such as the action of falling objects or planets orbiting the sun.

Calculus is the tool of the continuous approach, and the computer is threatening to remove it from its preeminent position.

After several years of discussion, the Alfred P. Sloan Foundation of New York has scheduled an invitation-only conference for mathematics educators next month at Williams College in Massachusetts in hopes of drawing up a new curriculum that includes discrete mathematics.

"There's a feeling that calculus has taken on almost a sacrosanct position in the colleges and that it really doesn't merit it," said Stephen White, the foundation's director of special projects.

No major change in a time-tested curriculum could come easily, even if everyone agreed, and in this case, not everyone agrees.

"It is very foolish," said Richard Manning, an adjunct professor of computer science at the Naval Post Graduate School in Monterey, Calif. "Chiefly, the people who have gotten into computing don't know mathematics," he scoffed. "They don't know what they're talking about when they propose removing calculus."

He argued that calculus was indispensable even to discrete mathematics.

"The trivial stuff goes without it, but once you pass the trivial, you are driven to the tools that you developed in calculus class," he said.

Richard Karp, a professor of computer science at the University of California, Berkeley, agreed. He said calculus was also important to problems in computer science. "Even when you have a discrete problem," he said, "very often a continuous approximation sheds a great deal of light on it."

But he also said that discrete mathematics had advantages over calculus, which, as currently taught, reduces many problems to rule manipulation.

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Note these dates in your calendar now!

The third annual International Herald Tribune/Oil Daily Conference on "Oil and Money in the Eighties," will take place September 20 and 21 at the Intercontinental Hotel in London.

Sheikh Ali Khalifa al-Sabah, the Kuwait Oil Minister, will head a distinguished group of speakers to include: The Right Honorable Hamish Gray, M.P., U.K. Minister of State for Energy; His Excellency Abdulhady Taher,

Governor, Petromin; James Akins, former U.S. Ambassador to Saudi Arabia, and by satellite hook-up, the U.S. Secretary of the Treasury, Donald T. Regan.

For further information, please contact the International Herald Tribune Conference Office, 181 avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France. Telephone: 747.12.65, Ext.: 316. Telex: 61283.

INTERNATIONAL Herald Tribune

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BUSINESS / FINANCE

FRIDAY, JUNE 11, 1982

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BUSINESS BRIEFS

AT&T Computer Unit Approved

WASHINGTON — American Telephone & Telegraph was authorized Thursday to proceed with its plan to create a subsidiary for offering unregulated computer and phone-answering services.

By a 6-to-0 vote, the Federal Communications Commission approved the first phase of a capitalization plan calling for AT&T to provide \$70.4 million worth of funding for the new subsidiary through 1985.

Also accepted by the commission was AT&T's justification of another \$167.6 million worth of pre-operational expenses for the subsidiary, which AT&T has dubbed "XYZ Inc." for the time being.

Control Data Sees Earnings Drop

MINNEAPOLIS — Control Data said Thursday it expects second-quarter earnings to be below its first-quarter net income of \$1.01 a share.

The company said, however, that it still expects increased earnings in the second half of 1982 and that its current forecast calls for earnings in 1982 to be higher than 1981's \$4.48 a share. In 1981, Control Data earned \$1.06 a share in the first quarter and \$1.13 a share in the second quarter.

AEG Workers Reject Restructuring

FRANKFURT — AEG-Telefunken workers have rejected the company's restructuring plan and urged the government to take a direct shareholding in the electrical goods manufacturer.

Hans Rubke, head of the Works' Council, said Wednesday that representatives of the work force planned to discuss a government stake with Hans-Joergen Wischnewski, minister of state in the Chancellery, on Saturday, two days before AEG is due to present its restructuring plan to its members.

The Works' Council, which was briefed on the plan Tuesday, said it involved making AEG a holding company and selling shares in its business to outside parties. Mr. Rubke said the council objected to plans to bring in General Electric of Britain.

Pirelli Sets Convertible-Bond Offer

MILAN — Pirelli said Thursday its subsidiary Industrie Pirelli plans a \$1 billion lire (\$70 million) convertible-bond offer to current shareholders. The conversion terms will be 1,000 shares for every 1,557 bonds of 1,000 lire nominal value.

Company officials said shareholders' approval will be sought at a meeting June 21. The shareholders will also be asked to approve an increase in authorized capital to 233 billion lire from 173 billion to cover conversions.

Pabst, Olympia Approve Takeover

MILWAUKEE — Pabst Brewing said Thursday that the boards of Pabst and Olympia Brewing had agreed in principle to the acquisition of 49 percent of Olympia's stock for \$28 a share. The 1.27 million Olympia shares would be acquired by a Pabst subsidiary, the company said.

Pabst said both boards also agreed that, upon expiration of the tender offer and approval by shareholders, remaining shares of Olympia would be exchanged for securities of either a new combined Pabst-Olympia company or for Pabst securities. It said the Pabst securities would have a value of at least \$26 per Olympia share.

Chiyoda Petrostar Gets Saudi Deal

JEDDAH — Chiyoda Petrostar of Japan has signed a \$1 billion contract with Petromin/Mobil Yana Refinery Co. for detailed engineering, procurement and construction of a 250,000-barrel-a-day export refinery at Yanbu, officials said Thursday. Work on the refinery began in March but the contract was made final Wednesday.

Compiled From Agency Dispatches

U.S. Steel Forecasts A Break-Even Quarter

CHICAGO — U.S. Steel expects to at least break even in the second quarter, the company's chairman, David M. Roderick, told a meeting of securities analysts here Thursday.

In 1981's second quarter, U.S. Steel earned \$167.6 million on sales of \$3.79 billion. The company posted a profit of \$79.9 million in this year's first quarter.

Mr. Roderick said the company's domestic steelmaking operations most likely will not be profitable in the second quarter. But he said earnings from other operations, including the Marathon Oil subsidiary, probably will offset the loss on steel.

The steel gains from the sales of assets and bond repurchase would help the company to at least break even in the second quarter. U.S. Steel earned \$167.6 million on sales of \$3.79 billion. The company posted a profit of \$79.9 million in this year's first quarter.

The EEC's industrial policy commissioner, Etienne Davignon, scheduled a press conference for 10 a.m. Friday in Brussels. A U.S. move to impose duties would price some European steel out of the American market, dealing another blow to the already weak European industry.

The Commerce Department was to rule on complaints brought by U.S. steelmakers against several EEC countries and other nations, including Brazil and South Africa.

The asset disposal program is one of several programs the steelmaker will use to retire \$3 billion in bank debt it incurred to buy Marathon last year. Mr. Roderick said the company also plans to

raise \$400 million to \$700 million from inventory reductions.

U.S. Steel and others in the industry were awaiting a Commerce Department decision, due by midnight Thursday, on whether seven European countries are illegally subsidizing steel sold in the United States. Late Thursday, industry sources said that at least some European steelmakers appeared certain to find themselves facing penalty duties on shipments to the United States beginning Friday.

Transatlantic telephone negotiations between U.S. and European Economic Community officials apparently had failed, a source close to the talks said.

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Tokyo Fears U.S. Will Block Soviet Oil Project

By Tracy Dahlby
Washington Post Service

TOKYO — Japanese business men are nervously awaiting a Reagan administration decision on the U.S. role in a Japanese-Soviet petroleum project, sources here say.

The fate of the Sakhalin Island project, in which the Japanese have invested roughly \$220 million since 1975, largely hinges on a decision by President Reagan on whether to clear exports of sophisticated exploration and assaying equipment and expertise. The decision is expected later this month.

Although the \$2 million of U.S. goods and services is small in relation to the total project, failure to get export approval from Washington could cause the Japanese to violate their contract with the Soviets and force 18 private Japanese companies and a government-run energy corporation to surrender their stake in the project, government and industry sources say.

Suzuki's Pies

Such a move by Mr. Reagan, the Japanese have asserted, would handicap Japan unfairly, while inflicting little or no damage on the Soviets.

During a 35-minute meeting last Friday before the start of the Versailles, France, economic summit, Prime Minister Zenko Suzuki strongly urged Mr. Reagan to reconsider the U.S. ban on exports needed for the project.

Mr. Reagan, who went to Paris seeking allied support for plans to

'Super-Lobbies' In U.S. Focus On Trade Issue

By Clyde H. Farnsworth
New York Times Service

WASHINGTON — From his ninth-floor command post at 1801 K Street N.W., Raymond Garcia scans a list of 52 House and Senate budget committee members, then buzzes his assistant, Alexis Piper. "Prepare the Action Alert," he orders.

Carrot-haired, slightly broad of girth, middle-aged, with steel blue eyes glistening in the excitement of a fresh campaign, Mr. Garcia has just begun to turn up the heat from one of the city's newest "coalitions" — the super-lobbies that are organizing to influence legislation, especially in the trade area.

What distinguishes Mr. Garcia's organization, the Coalition for Employment through Exports, and other coalitions from the simpler, more socially oriented lobbies of the past is the breadth of their constituencies, usually spanning the gap between labor and management.

Action Alert is a memorandum that is hand-delivered from staff headquarters of the coalition to the line officers — legislative directors of 40 large and medium-sized companies, 14 labor unions and three governors. The aim is to coordinate a campaign of letter writing, telemail sending, telephone calling, legislative visiting and party giving to get more direct lending authority for the Export-Import Bank.

Less Wining and Dining

"We want to prevent our members from tripping all over each other on Capitol Hill so that when we lobby, we can lobby effectively," said Mr. Garcia, executive director of the coalition and a longtime participant in earlier export wars as former vice president of the Emergency Coalition for American Trade.

"Wining and dining are less important these days," he added. "In fact, they're a real pain, especially for younger legislators who merely want to go home in the evenings. What counts is coming with a persuasive case."

Other super-lobbies have such names as the Labor Industry Coalition for International Trade (called Licit), the Group of 33 (33 trade organizations and unions seeking more effective enforcement of laws against unfair trade), the Leather Products Coalition (three unions and four trade associations resisting competition from the projected duty-free zone in the Caribbean Basin) and the Committee for the Preservation of American Color Television (known as Compact).

That they are mushrooming in the trade sector, noted Lawrence B. Krause, a senior fellow at the Brookings Institution, is a reflection of the growing role of international trade in the economy. Imports and Exports now account for about 15 percent of the gross national product, twice the per-



Raymond Garcia

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(Continued on Page 9, Col. 1)

Regan Sees Only Slight Decline In Rates, Even With Lower Deficit

The Associated Press

WASHINGTON — Interest rates will edge down only slightly this year, even if Congress settles on a deficit-reducing budget compromise, Treasury Secretary Donald T. Regan predicted Thursday.

But Mr. Regan said that if Congress fails to find a way to reduce the record deficit, facing the government, interest rates will not come down at all.

In the past, Mr. Regan and other administration officials have suggested that a compromise budget would trigger a dramatic drop in interest rates, which have stayed at extraordinarily high levels and are generally blamed for causing the current recession.

Mr. Regan's assessment, however, suggests the administration has little hope any more for a meaningful decline in the cost of money, which economists say is necessary to spark a healthy economic recovery.

If the House were to approve the Republican-sponsored budget compromise, Mr. Regan said, "interest rates will come down under 14 percent by the end of the year." He was referring to the prime rate, which is 16 percent to 16½ percent.

"If there is no budget at all, I don't see interest rates coming down," he said, adding that development would produce a much weaker economic recovery later this year.

It's Magic

"It's an act of levitation that interest rates are staying up," Mr. Regan said.

Treasury Undersecretary Beryl W. Sprinkel said Thursday that interest rates and inflation would only rise if the Federal Reserve Board were to bow to mounting congressional pressure and ease its tight-money policy.

Mr. Sprinkel, responding to growing calls in Congress for policy changes that will lower interest rates, insisted that the course the last time businesses were sur-

veyed on 1982 plans, three months ago, they planned to cut back only 1 percent.

Spending in 1981 stayed at the level of the previous year, when it was up 0.8 percent from 1979, another recession-struck year.

The 1982 cutback would be the worst since the 11.5-percent drop in spending in 1975, the department said.

The latest quarterly survey of business spending plans received most of its responses in late May, department analysts said.

On May 24, General Motors announced that it would buy an esti-

GM Offer to Buy Autos From Toyota Reported

By Sam Jameson
Los Angeles Times Service

TOKYO — General Motors was reported Thursday to have asked Toyota Motor to supply it with 200,000 to 300,000 cars a year from factories in Japan beginning around 1985.

The Asahi newspaper, quoting Toyota executives, reported that the proposal was made after Toyota rejected an initial GM proposal that the two companies jointly produce 500,000 cars a year at two GM plants in the United States. Asahi reported that Toyota executives had described the new GM proposal as part of an overall plan by GM to buy from Japanese makers a total of 800,000 small cars a year beginning around 1985.

Toyota, Japan's largest automobile, agreed in principle to consider joint production of 200,000 cars "as a start" at one GM plant in the United States, and GM came back with the proposal to buy the balance of the cars it is seeking through Toyota as finished products manufactured in Japan, Asahi quoted the Toyota executives as saying. The executives were not identified.

Political Question

A Toyota spokesman said that he had not heard of the proposal but that he had not been authorized to comment on whether executives at Toyota had heard of it.

Asahi said Toyota executives were skeptical about the possibility of exporting so many finished cars to GM, in view of political resistance in the United States to heavy Japanese exports. Toyota officials cited uncertainty over whether Japan's controls on exports of passenger cars to the United States will end, as scheduled, on March 31, 1984, and expressed concern over likely opposition to the plan from the United Auto Workers union, Asahi said.

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posedly restrained, informed GM that it could not use its export quota to supply cars to GM if export restraints were still in effect 1985, Asahi reported.

In addition, the newspaper said, Toyota would have to build a plant to supply from Japan as many as 200,000 to 300,000 small cars to GM and was concerned about whether GM would commit itself to continuing purchases.

Asahi reported that GM was asking Toyota to provide it with the same car the American giant proposes to jointly produce with Toyota in the United States, the Toyota Sprinter, which now is sold in Japan.

Export Quotas

Toyota, which shipped 516,659 passenger cars to the United States in the year ended last March 31 under Japanese-government im-

port controls, a selling climax which could send the Dow down to 780 level in the next few days," said Charles Jensen, chief technical analyst of MKJ Securities.

Mr. Jensen said that the decline was being fueled "by a buildup of panic selling, margin calls and the breaking of the psychological support level of 800 in the Dow."

The Dow Jones industrial average was only fractionally higher until the last few minutes of trading, when it bounced up to close 3.14 points higher at 798.71. Advances moved past declines by around 730 to 660, and volume slipped to about 52 million shares from the 53.8 million traded Wednesday.

The House was scheduled to vote on both Democratic and Republican budget proposals Thursday.

Analysts said there was some optimism on Wall Street that some sort of compromise would be reached, accounting for the late strength in the market.

But Monte Gordon of Dreyfus Corp. said that if no compromise is reached, "the pressure will be toward the downside."

That sentiment was echoed by others.

"The market is building toward

Hypo-Bank results 1981

Group earnings up 17.3% Gains in international business

In 1981, a year characterized by continued fluctuations on international capital markets and lackluster economic performance, Hypo-Bank achieved considerably improved results compared to the previous year.

Bayerische Hypotheken- und Wechsel-Bank AG, Germany's oldest publicly quoted (joint stock) bank, increased its balance sheet total by 4.8% to more than DM 60 billion. Group assets rose by 6.4% to DM 89.2 billion, with earnings up 17.3% to DM 76.6 million.

The Bank's international business continued to develop favorably. Foreign lending, especially export-related financings, showed satisfactory gains with an again increased proportion of loans to the highly industrialized economies. Documentary business, foreign exchange transactions, and international payments also posted improved results over 1980.

In its tenth year of Euromarkt activity, Hypo-Bank's wholly-owned Luxembourg subsidiary, HYPOBANK INTERNATIONAL S.A., increased its balance sheet total by 18% to Lfrs. 11.4 billion and substantially strengthened its services to private customers in the areas of deposits, securities, precious metals, and investment counseling.

The New York branch, which accounts for a significant part of the Bank's foreign business, expanded its activities, primarily with corporate clients. In its first full calendar year of operations the London branch, which has "recognized bank" status, successfully broadened its client base and service capabilities.

To strengthen its traditionally close links with the Italian economy, the Bank opened a representative office in Milan. In early 1982, representative offices were opened in Hong Kong and Abu Dhabi.

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Dow Jones Averages

30 Ind.	795.25	803.97	798.27	793.14
30 Ind.	788.78	795.25	793.14	792.45
15 Upt.	107.93	109.52	108.52	107.93
15 Upt.	211.83	214.12	209.08	212.38
45 Dow	107.93	109.52	108.52	107.93

Market Summary, June 10

Market Diaries

NYSE AMEX

High Low Close

Prev. Class

Industry Group in Italy Offers New Wage Plan

Reuters
ROME — The Italian industrial employers confederation, Confindustria, whose rejection of the national wage-indexation program last week touched off nationwide strikes, Thursday published a proposal for restructuring the system.

Confindustria has said it will quit the current indexation program, called the scala mobile, in January. The Italian labor union called a general strike on June 25 in protest of the decision.

Confindustria's proposals for changing the wage program include an across-the-board minimum wage to be negotiated periodically between Confindustria and the union federation, and a new, less inflationary scala mobile, possibly with adjustments every four or six months rather than the current three months.

Confindustria proposes that part of the wage increases due under a new scala mobile be paid by the state as family allowances.

Other proposals include changes

in the indexation rules to allow bigger increases for skilled workers than unskilled.

Confindustria proposes that unions in the same sector coordinate their three yearly contract-renewal talks and make clear distinctions between local, regional and national agreements.

Any new agreement should guarantee real wages but stay within government guidelines, it said.

The scala mobile has long been denounced by the government as a major factor fueling inflation. The current government is hoping to bring the annual inflation rate down to 13 percent from its current 16 percent.

Under terms of a 1975 agreement, the wage agreement is automatically renewed every year unless either the employers or the unions give a six-month notice of rejection. The Confindustria decision applies only to private-sector businesses. The public-sector industries have yet to take a position.

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Other proposals include changes

'Super-Lobbies' in the U.S. Focus on Trade Legislation

(Continued from Page 7)

an area where government policy matters — matters a lot," Mr. Krause said. "There are issues for labor and management to rally around."

Stanley Nehmer, an economist advising coalitions seeking tougher import enforcement, added: "With a \$40-billion trade deficit, and all that means for employment and profitability, a closer meeting of minds between labor and management is a natural reaction."

The Coalition for Employment Through Exports, which held an organizational meeting attended by 140 company, union and state government lobbyists last April 29 at the Mayflower Hotel, is arrayed to fight on a single issue: the Reagan administration's proposed cut in direct lending authority of the Export-Import Bank to \$3.8 billion in fiscal 1983 from \$5.4 billion in 1981 and \$4.4 billion in 1982.

The bank, formed in 1934, encourages exports of U.S. goods and services, primarily by offering loans to foreign importers at below-market interest rates.

Other industrial countries have similar institutions to foster their exports and have managed on a number of occasions to offer more competitive — or, in effect, more heavily subsidized — financing, winning orders from such companies (and coalition members) as Boeing, General Electric, Westinghouse and Caterpillar Tractor and

from such smaller companies as Frederick Electronics and Gould Pumps.

Labor has joined because of fears that American multinational companies, to obtain more competitive financing, will fill export orders from their foreign subsidiaries instead of from U.S. plants. Such overseas output already has led to some job losses for Americans, according to a recent survey by the Machinery and Allied Products Institute. In a poll of 39 companies, it found that in 1981 contracts totaling \$386.7 million were shifted to foreign affiliates, primarily because better financing terms were available.

Mr. Garcia, noting that every \$1 billion lost in U.S. exports means 30,000 fewer job opportunities, distributes lists of the lost contracts. The lists say, for example, that Boeing failed to sell 757s to Singapore Airlines because interest rates at least three percentage points lower were offered by Airbus Industrie of Europe. There was also the Japanese defeat of a General Electric bid to sell Venezuela medium-steam turbines, again blamed on credit terms.

The opposition to the Export-Import Bank, which is losing money in its efforts to meet some of the foreign competition, comes from deep inside the Reagan administration, mainly from David A. Stockman, the budget director, and from those in Congress opposed to subsidies for companies while social programs are being cut back.

BUSINESS PEOPLE



Orion L. Hoch

Liton Industries, Zurich, has announced that Orion L. Hoch, has rejoined the company as president and chief operating officer and has been elected to the board. Dr. Hoch had been with Liton for 17 years but was most recently president and chief executive officer with Intersil Inc., a micro-electronics company.

John Berkshire has been elected chairman of the London International Financial Futures Exchange and David L. Burt has been elected deputy chairman.

In addition Robert B. Williamson was elected membership and rules chairman; Anthony D. Burton was elected business development chairman; and Stephen E. Raven was named floor chairman.

Robert J.R. Owen has been named executive director, Far East division, of Lloyds Bank International, following the retirement of Thomas W. Scott.

Michael H. R. Thompson was appointed to the board of Lloyds Bank International and has been named executive director, merchant banking division, succeeding Mr. Owen.

Continental Illinois National Bank & Trust Co. of Chicago announced several personnel changes in its London office.

In operations and management services, Mark A. Burke has been promoted to vice president and Richard K. Briffet and Clive Lewis-Jones have both been named second vice presidents.

In international banking services, Brian M. Ford and Mark S.S. Swan have been named second vice presidents; Sally A. White and Keith A. Wilson have been named assistant managers.

Bankers Trust Co. of New York appointed Magnus Lagercrantz vice president in the world corporate department.

EEC Agrees to Back Tin Accord

Reuters

GENEVA — The European Economic Community said Thursday that it could live with the controversial terms of the sixth International Tin Agreement, giving a major boost to the effort to salvage the accord.

The United Nations, which holds up the tin agreement as a model to be copied for other commodities to help Third World pro-

ducers protect their foreign earnings, opened a meeting here to decide whether the tin accord, due to take effect July 1, should be adopted.

Both the United States and the Soviet Union, two major users of tin, have rejected the agreement, as has Bolivia, an important producer. The meeting was called because the lack of U.S. and Soviet support had consumer inflation

below the 65 percent necessary to put the agreement automatically into force.

But the EEC pledged to apply the agreement with some reservations, EEC delegates said. They said the EEC wants the agreement to be reviewed after one year and to be applied by all countries that have so far signed it.

The sixth agreement should be able to function effectively even without full support, as was the case with earlier tin accords that the United States did not embrace, EEC delegates said. The United States has supported the current accord but rejected the earlier versions.

Most objections to the new agreement focus on provisions to support world prices by slowing the flow of tin onto the markets and by purchasing supplies for a buffer stock. The buffer stock manager has recently been forced to buy heavily to keep prices from falling; failure to reach a new agreement could bring prices down sharply.

Relations between tin producers, led by Malaysia, and consumers have deteriorated over the past year, and tin markets have been turbulent. A mystery buyer, widely suspected to represent producer interests, earlier this year made massive purchases that drove prices to record highs, then suddenly left the market. Prices have tumbled to about £6,550 (\$11,640) a metric ton from the February peak of £9,000.

Hong Kong and EEC Fail To Agree on Textile Curbs

Reuters

BRUSSELS — Hong Kong and the European Economic Community have been unable to agree on the number of garments to be allowed into the EEC under a new textile agreement, according to Hong Kong's trade commissioner.

The official, Lawrence Mills, said Wednesday that the EEC has asked for a quota cutback of 12 percent in major garment categories. "Hong Kong has not responded substantively to these requests because it has already made clear that it cannot accept cutbacks in its quota," he said in a statement.

Mr. Mills was in Brussels to discuss the textile trade agreement with the EEC, which receives about 40 percent of Hong Kong's textile exports. The talks are part of a series between the EEC and 28 developing countries under the Multi-Fiber Arrangement, which lays down guidelines for textile agreements between Third World producers and industrial nations.

The EEC Commission is seeking to restrict the growth of textile imports to protect Europe's textile makers, which have been hurt by recession and fierce competition. The industry organization Com-

texil said earlier this week that the EEC is producing 6 percent fewer textiles than in 1980 and that the industry's work force shrank by one-tenth last year.

Mr. Mills said the EEC and Hong Kong are considering other elements of a future agreement, including consultation procedures and ways of limiting new items that are not covered by the agreement.

He said the EEC has proposed to allow Hong Kong higher ceilings if it agrees to make clothes using fabric from EEC nations. The Europeans also have proposed an "anti-surge mechanism" which would prevent sudden large increases in imports from flooding European markets, he said.

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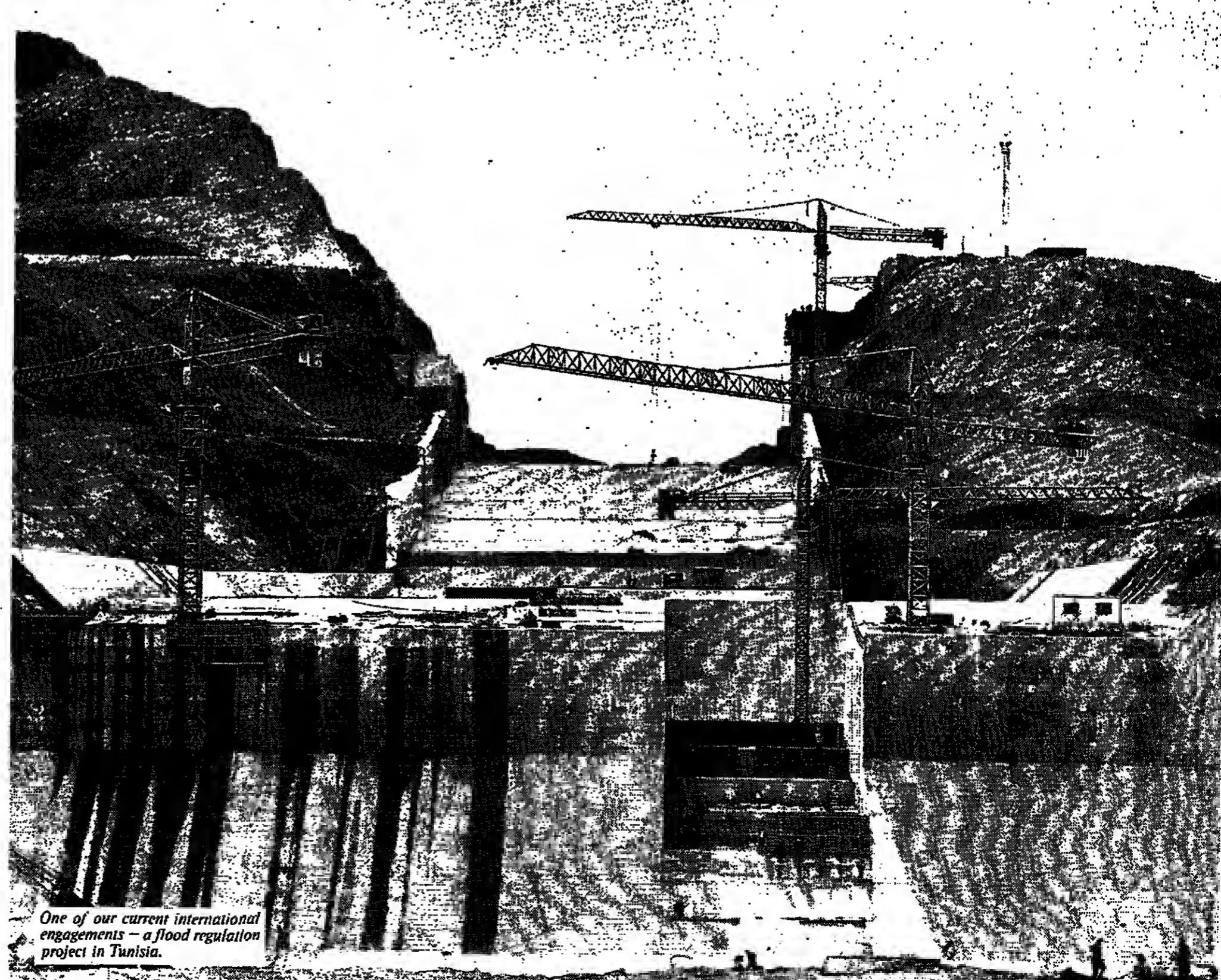
The Skanska Group.	
Consolidated Balance Sheet, December 31, 1981.	
In millions of Swedish Kronor (SEK). SEK 1,000 = approx US\$ 171 in June, 1982.	
Assets	
Current assets:	
Cash in hand and bank balance	2,260
Receivables	4,952
Properties classed as current assets	2,794
	10,006
Fixed assets:	
Other receivables	379
Shares and participation certificates	468
Machinery and equipment	468
Properties classed as fixed assets	249
	11,570
Liabilities and Equity Capital	
Current liabilities	2,923
Uncompleted contracts	
Billings from commencement of contracts	14,788
Expenditures from commencement of contracts	-11,700
	3,088
Long-term liabilities	3,114
Untaxed reserves	1,630
Share capital	341
Reserves	288
Net profit for the year	186
	11,570
The Group total turnover in 1981 — SEK 11,181 m.	

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Thursday's NYSE Closing Prices

Tables include the nationwide prices up to the closing on Wall Street.

**ASK FOR IT EVERY DAY.
EVERYWHERE YOU GO.**

International Herald Tribune

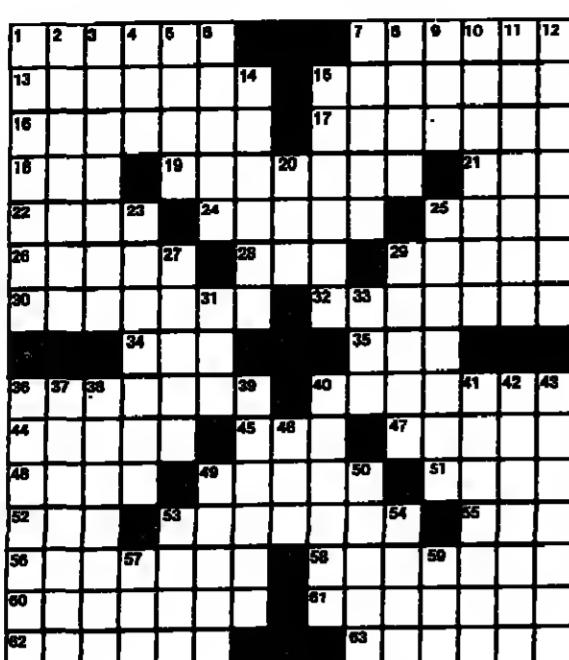
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We suspect you may be influenced by something a little less tangible. But just for the record, our Super Club does happen to have the widest seats across the Atlantic.

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CROSSWORD



ACROSS

- 1 Actor from Petersburg, Va.
- 7 Patricia — actress who married 1 Across
- 13 Daughter of Polonus
- 14 Statute court
- 15 Poedam event: 1945
- 17 Tragedy by Euripides
- 18 Novelist Levin
- 19 Jones's pride in 1778
- 21 Native British feathered birds
- 22 Feswick's creator
- 24 Runs the harvester
- 25 Have — with (privy to info)
- 26 Deviated
- 28 Telephone for air
- 29 Sports shocker
- 30 Course for a class
- 32 Hats for some
- 33 Caruso fans
- 34 "Liberate" 35 Oceanic word in NATO
- 36 Puts away childlike things

DOWN

- 1 Like Buster Keaton
- 2 Run
- 3 "Tarzan and —"
- 4 Hanol holiday
- 5 Site of first Olympics
- 6 Fort
- 7 Has a 61 home
- 8 "Olary": Twain
- 9 Wagner's — Rheingold"
- 10 Prepared a mackerel
- 11 Emulate Jessica
- 12 Dish for a Lanai luau
- 13 Newman Fraser
- 14 What teases raise
- 15 Pencil wood
- 16 Casca inflicted
- 17 "Blue?"
- 18 Romano and ricotta
- 19 Printers' org.
- 20 Having berries
- 21 Signs in Shaker Heights
- 22 Pimped
- 23 Casino
- 24 Distributors
- 25 "Big" heroine
- 26 Having lots of locks
- 27 "Blue?"
- 28 "Perley" of journalism
- 29 Writer Sinclair
- 30 Dir. from Tampa to Ocala
- 31 Row
- 32 Tries to fill an opening
- 33 "Perley" of journalism
- 34 Signs in Shaker Heights
- 35 "Big" heroine
- 36 "Printemps" composer
- 37 Stylish
- 38 Of current interest
- 39 Like a cheetah
- 40 Adjective for Bunker
- 41 Varieties of lava
- 42 Click beetles
- 43 "Printemps" composer
- 44 Sappho's — to Aphrodite
- 45 Adjective for dancer Rivera
- 46 Butter for a bawler
- 47 Nickel, for one
- 48 "Wars"
- 49 "Stingo" in Soho

WEATHER

	HIGH	LOW	HIGH	LOW
ALGARVE	25	24	57	53
ALGHERS	25	24	59	59
AMSTERDAM	26	25	9	9
ANKARA	26	25	10	10
ANGUILLA	26	25	10	10
ANGKOK	26	25	3	3
BEIRUT	26	25	77	77
BELGRADE	26	25	47	47
BERLIN	26	25	42	42
BOSTON	25	24	55	55
BRUSSELS	25	24	73	9
BUDAPEST	25	24	73	73
Buenos Aires	26	25	16	16
CAIRO	24	23	52	52
CASABLANCA	21	21	11	11
CHICAGO	24	23	57	57
COPENHAGEN	24	23	57	57
COSTA RICA	21	20	14	14
DUBLIN	24	23	13	13
EDINBURGH	23	22	55	55
FLORENCE	22	21	12	12
GENEVA	27	26	11	11
HARARE	17	16	5	5
Helsinki	9	8	48	48
HONG KONG	29	28	24	24
HOUSTON	26	25	23	23
ISTANBUL	26	25	13	13
JERUSALEM	26	25	14	14
LAS PALMAS	24	23	18	18
LISBON	18	17	14	14
LONDON	15	14	13	13

Readings from the previous 24 hours.

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June 10, 1982

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OBSERVER

Depression Mentality

By Russell Baker

NEW YORK — My uncle who worked used to support his wife, two daughters, his brother, his sister and her two growing children on \$30 a week. This was in 1934 when the dollar was stronger, but the memory comes back every time I go to dinner in a medium-swell New York restaurant where the going price for a feed this season is \$30 a plate. When four of us dined out the other night and the waiter presented the bill for \$120 my first impulse was to call the cops.

I've told Baker myself, "Quit thinking of these things as dollars; think of them as lire or zlotys or Monopoly money." I know that's all they are, but emotionally I can't handle it. I'm cursed with Depression mentality. When handed a bill of \$120 for beans and stew, I panic. I can't shed the illusion that \$120 is mucky.

My uncle who worked was married to a woman who received a gift of \$100 once Christmas from a rich aunt. The news of this windfall raced through the community. Visitors came from blocks around to stare at the house she inhabited with \$100. I thought, my uncle would never have to work again.

ingly the Reagan people's passion for resurrecting the old days than the president's attempt to restore prayer in the schoolhouse.

Apart from the political cynicism behind the school-prayer amendment there is a strong conviction among earnest Americans that praying in school will have uplifting results on the national character and help reverse moral decay in the nation. This idea is powered by the customary adults' belief, especially strong in successful men, that their own excellence derives from a superior child-rearing system that existed in their youth but has since been destroyed by barbaric social change.

* * *

I have nothing against prayer but can't understand why politicians are interested only in subjecting schoolchildren to it. I'd like to see more politicians try to make adults engage in group prayer. The daily rush-hour trips to and from work would be an excellent time for it. I believe group prayer in every bus and subway would have highly civilizing effects on the present barbaric state of human relations during rush hours.

In 1934 I stood with everybody in my fourth-grade class while we prayed aloud in unison, but that isn't exactly what the Reagan folks want. They'd permit any child who didn't want to pray to sit on his hands or leave the room. We didn't have that choice in 1934, but we did in 1936 when our sixth-grade class was subjected to a monthly hour-long radio broadcast of symphonic music.

The teachers emphasized that those who didn't want to hear great music were entitled to leave the room and go to another room to study. I elected to join the Hotentots who walked out, and I was shocked to discover that almost all the classmates I respected had stayed behind to listen to boring old Walter Damrosch conduct Brahms. I had put myself among the misfits. I never made that mistake again. After that, I listened to Walter Damrosch monthly.

For a child, social acceptance is usually worth even more than a prayer. As the Protestant King said when converting to Catholicism, "Paris is worth a mass." Thus things will become as they used to be, and only the price of dinner remains anchored in reality.

Nothing illuminates more touch-

New York Times Service

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